

EXAMINING THE SHIPMENT OF ILLICIT DRUGS IN INTERNATIONAL MAIL

HEARING BEFORE THE SUBCOMMITTEE ON GOVERNMENT OPERATIONS OF THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES ONE HUNDRED FIFTEENTH CONGRESS FIRST SESSION

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EXAMINING THE SHIPMENT OF ILLICIT DRUGS IN INTERNATIONAL MAIL

Thursday, September 7, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT OPERATIONS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittee met, pursuant to call, at 3:12 p.m., in Room 2154, Rayburn House Office Building, Hon. Jody Hice presiding.

Present: Representatives Hice, Meadows, Jordan, Blum, Connolly, Norton, Clay, and Lawrence.

Mr. HICE. The Subcommittee on Government Operations will come to order.

Let me first of all just say thank you for your patience, all of you. Sometimes around here we never know when votes are going to occur, and we thought we would be able to start around 2:00, so your patience is greatly appreciated. I am sure we will have some other members show up along the way, but we will go ahead and get started.

Without objection, the chair is authorized to declare a recess at any time.

Again, I welcome you here today to discuss this very important issue. Last year, 62,000 Americans died from drug overdoses. That is a staggering number. More than died in both Vietnam and Iraq wars combined. The opioid crisis is the deadliest drug epidemic in American history, and it only continues to worsen.

In my home State of Georgia, opioids are the main cause of overdose deaths. Almost as many Georgians die annually from drug overdose as do from car accidents. In 2015, 55 of the counties in Georgia out of 159 counties had a higher drug overdose rate than the U.S. average. That is a significant uptick from just 11 years ago when only 26 Georgia counties were higher than the U.S. average.

In May, a mass overdose swept through Georgia, took a lot of the hearts and emotions of the people of Georgia. There were four people who died within a 48-hour period of time of taking pills that they thought were Percocet. Tragically, this is only one example of the many incidents that have occurred in recent years due to our country's insatiable desire for drugs.

While the United States makes up about 5 percent of the world's population, we consume an overwhelming share of the world's pain medication. With any drug epidemic, supply reduction is an essential element to drug control, be it domestic or international.

When it comes to our nation's opioid epidemic, the ability to purchase drugs with just one click of a computer and have those drugs brought to this country is easy for most anyone to accomplish. Americans are now able to easily purchase powerful synthetic opioids, particularly from China, and have them shipped straight to their doorstep here in the United States via the United States Postal Service.

Despite the billions of dollars our country spends each year on personnel, technology, and infrastructure to protect our southern borders, the U.S. Postal Service allows international packages to enter our country virtually unchecked. Because the U.S. Postal Service is not required to follow the same customs standards as its private competitors, it has become an attractive courier for international drug traffickers.

With the rise of e-commerce, the volume of inbound international mail has exploded to hundreds of millions of pieces each year. This massive volume, coupled with lax security standards, has created a significant security weakness, which often results in a failure to detect drugs shipped through the Postal Service.

So, today, we are going to learn about how the U.S. Postal Service's lax security standards have led to an influx of illicit drugs entering our country. We will also explore ways in which the U.S. Postal Service can close that security gap between the mail service and the private competitors.

The U.S. Postal Service has already taken steps for which we are grateful, such as increased collection of electronic advanced data to heighten security of inbound international mail. They have also embarked on pilot programs in partnership with CBP to target certain mail for inspection. And while these pilot programs are a step in the right direction, the postal inspector general and GAO have found that there is substantial room for improvement, so we look forward to their testimony here today.

We will also hear from CBP and the U.S. Postal Inspection Service about procedures that have been effective in thwarting contraband from entering our country, as well as what procedures could be effective in the future.

The majority of illicit synthetic opioids from China enter the United States via the Postal Service under the terms governed by the United Nations' Universal Postal Union Treaty. Today, we will hear from the State Department about international efforts to stop illicit drugs from being sent through the mail.

As the number of Americans overdosing and dying from these drugs continues to rise, it is important that we act now, so I look forward to hearing from our witnesses today as we explore how we can work together to stop the supply of illicit drugs entering our country and better fight our nation's drug epidemic.

Mr. HICE. When the ranking member arrives, he will be allowed time for his opening statement, but for now, let me introduce our panel of witnesses, after which each of you will have an opportunity to give your opening statement.

I am pleased to welcome Mr. Gregory Thome, director of the Office of U.N. Specialized and Technical Agencies at the State Department; Mr. Guy Cottrell, is that correct?

Mr. COTTRELL. Yes.

Mr. HICE. Chief postal inspector for the United States Postal Service; Mr. Todd Owen, executive assistant commissioner at the U.S. Customs and Border Protection agency; Ms. Lori Rectanus, director for Physical Infrastructure Issues that the Government Accountability Office; and Ms. Tammy Whitcomb, acting inspector general for the United States Postal Service.

All of you, we welcome you here. And, Mr. Cottrell, I understand that you have someone with you today, is that correct?

Mr. COTTRELL. Yes, sir.

Mr. HICE. Okay. Could you please introduce that person?

Mr. COTTRELL. Yes. It's Robert Raines. He is a postal operations manager just in case there are any technical operations questions.

Mr. HICE. Okay. And where is Robert?

Okay, sir. Thank you, and welcome.

Pursuant to committee rules, all witnesses will be sworn in before they testify, so if you would please each of you rise and raise your right hand.

[Witnesses sworn.]

Mr. HICE. The record will reflect that all witnesses have answered in the affirmative.

Thank you, you may be seated.

Are you ready for your opening statement or do you want to —

Mr. CONNOLLY. I do. I do.

Mr. HICE. Okay. All right. Yes.

Mr. CONNOLLY. Thank you.

Mr. HICE. All right. We are going to begin with your opening statements in here in just a moment. The ranking member, Mr. Connolly, has arrived, so I will yield to him for his opening statement.

Mr. CONNOLLY. Thank you, Mr. Chairman. I am sorry to keep people waiting. We had 10 votes, and I got a little delayed on the Floor.

But thank you for having this hearing, and thank you all for being here.

Opioid abuse is now one of the biggest public health threats we face as a nation, and that threat is growing exponentially and in a frightening way. According to data released just a few days ago by the National Center of Health Statistics, more than 64,000 Americans died from drug overdoses in 2016. This figure is an increase of more than 20 percent over the previous year. This data shows that synthetic opioids like fentanyl now cause more deaths than any other type of drug.

According to the Center for Health Statistics, death from synthetic opioids doubled from 2015 to 2016 to just over 20,000. A New York Times headline this weekend proclaimed that deaths from fentanyl have increased by 540 percent over the last three years alone.

In my native State of Virginia, deaths from synthetic opioids rose from 263 in 2015 to 692 one year later. And sadly, Virginia is hardly alone among States in seeing deaths from opioids double or triple in that time period.

Commission on Combating Drug Addiction and the Opioid Crisis, headed by Governor Christie of New Jersey, recently warned, and I quote, "We are miserably losing this fight to prevent fentanyl

from entering our country and killing our citizens. The commission emphasized to President Trump that “The first and most urgent recommendation of the commission is direct and completely within your control, Mr. President. Declare a national emergency.” President Trump held a news conference in which he said the words the opioid crisis is an emergency, but he hasn’t declared it as such, a national emergency.

Among many other thoughtful recommendations, the Christie commission urged the government to intercept fentanyl and other synthetic opioids in envelopes and packages at mail processing distribution centers across the country. The Federal agency responsible for preventing fentanyl from coming into this country through international mail and express consignment packages like FedEx and UPS is the Customs and Border Protection agency. CBP is statutorily required, and I quote, “to ensure the interdiction of persons and goods illegally entering or exiting the United States.” CBP inspects inbound international mail received by the United States Postal Service. CBP inspects inbound international express commercial packages at express consignment carrier hubs.

According to data provided by CBP to our staff prior to this hearing, the greatest increases in the rates of seizure of fentanyl have been in the mail and express consignment packages. Right now, however, CBP does not appear to know if it is using the most effective tools to find fentanyl in international mail and packages.

The GAO will warn us today that for one targeting method, the use of advanced data on mail and express shipments, CBP has not done the analysis necessary to evaluate its effectiveness and this targeting method relative to other methods.

Troubling is that customs may not be using all available data to target mail for inspection and investigation and may be targeting only a small number of packages per day and may not even be targeting whole classes of mail. In fact, using existing data already collected by the Postal Service, the Postal Service’s inspector general recently linked a package intercepted by CBP that contained fentanyl to hundreds of additional packages that likely contained fentanyl but were apparently allowed to enter into the United States. This could point to a potentially much bigger problem wherein CBP is failing systematically to uncover those illicit shipping networks.

Given the urgent and growing threat that fentanyl and other synthetic opioids pose to the United States, as well as the recommendation of the Christie commission to increase our ability to detect and interdict drugs inbound and international mail and express consignments using enhanced technology, more manpower, and expanded canine deployment, it is critical that we ascertain which methods of interdicting drugs on inbound mail and consignments are most effective and replicating them.

One thing is clear, however, and that is that President Trump’s proposed wall won’t stop the most dangerous drugs from coming into the United States. Effective targeting methods are what we need and will have to be expanded and enhanced if we are going to win this battle. I know we are going to do it on a bipartisan basis.

I look forward to hearing from CBP particularly on how it plans to address current deficiencies in its interdiction efforts and lessons learned and help turn the tide of this incredible public health crisis.

Thank you, Mr. Chairman.

Mr. HICE. I thank the gentleman.

The witnesses have been introduced and sworn in, so we are ready for your opening testimonies. In order to allow time for discussion, please limit your testimony to five minutes. Your entire written testimony and statement will be made part of the record.

As a reminder, two things: Press the button for your microphone, and please pull your microphone up so that we can hear you clearly as you are speaking. The clock in front of you will show your time. It will turn yellow about 30 seconds, and red, it is time to land the plane. So we are again glad to have you.

And, Mr. Thome, you are recognized for five minutes.

WITNESS STATEMENTS

STATEMENT OF GREGORY THOME

Mr. THOME. Chairman Hice, Ranking Member Connolly, members of the subcommittee, thank you for the invitation to appear before you today to discuss the shipment of illicit drugs in the international mail, as well as the differences between international mail and private express shipments as they relate to abuse of the mail by traffickers.

The Department of State take these matters very seriously. And while international mail is only one of the avenues traffickers may try to exploit, we are making concerted efforts in cooperation with the U.S. Postal Service and U.S. CBP to make reforms to the system of global mail exchange that will improve security and support drug interdiction.

The Department has statutory responsibility for the formulation, coordination, and oversight of international postal policy. The Universal Postal Union, or UPU is the principal venue where we discharge this responsibility, working closely with both the Postal Service and American express delivery services such as UPS and FedEx.

Like our partners, the Department is aware that the exchange of advanced electronic data, or AED, can help mitigate the risk posed by traffickers. However, in considering a policy response that would best serve all stakeholders, it is important to bear in mind the fundamental differences between USPS and private express companies.

First, because of U.S. national treaty obligations as a member of the UPU, USPS must receive mail items from 191 foreign postal operators. This means it has limited ability to collect AED or otherwise control the mail items it receives until they are tendered to it in the United States. Private express companies, in contrast, control collection and delivery of the items they transport, as well as the entire logistics chain in between.

Second, USPS engages in international mail exchange as the designated operator of the United States, meaning it cannot, except in very rare cases, refuse mail, and it must guarantee delivery to any

address in the United States. Private express companies, on the other hand, have no universal service obligation and are free to pick and choose their customers, accepting only the mail they judge to be reliable.

Third, there is a wide discrepancy between the ability to collect AED. Express carriers can unilaterally impose data collection requirements on their overseas customers whereas USPS cannot and must instead convince 191 postal services of the benefit and the security that providing AED will offer.

While these differences pose challenges, the good news is that postal services worldwide are now eager and determined to collect and exchange AED. Postal operators see that delays caused by customs processing are a major impediment to their ability to grow their business. They know they need to interface more swiftly with mailers and transport companies, and their customers increasingly demand the ability to track packages in real time and to easily exchange merchandise. Use of AED is the only solution to these business challenges.

The UPU has become a partner to the United States in championing the increased use of AED both for business and security reasons. In 2012, the U.S. successfully secured amendments to the UPU convention that committed each member to a security strategy that includes complying with requirements for AED. Indeed, the UPU's recently adopted business plan calls for all postal services worldwide to have the capability to exchange data in place by the end of 2020. And we anticipate that the UPU will give final approval for an advanced electronic data messaging standard this October.

As significant as these achievements are, there are still obstacles to overcome. The main impediment to widespread exchange of AED is the very limited ability of most countries' postal services to collect and transmit it. Many post offices in the developing world do not have internet or even reliable sources of electricity. This makes collection and transmission of data for postal items extremely difficult. Even in developed countries, most postal services do not yet have the needed infrastructure for item-level data exchange. Indeed, few if any countries now have the capacity to provide it for 100 percent of their mail requiring customs declaration.

Nevertheless, the tide has turned. Postal services around the world understand the need to incorporate AED into the fabric of global mail exchange not just because the U.S. and other countries are beginning to require it but because it is essential to their business models. This is why USPS is successfully expanding its network of pilot projects, and this is why we are witnessing a rapid increase in the flow of AED for premium products worldwide.

In closing, we are confident that the number of countries able to provide AED and the proportion of their mail streams that it covers will continue to grow. I want to assure the subcommittee that the State Department will spare no effort in working to further accelerate this process.

Thank you, Mr. Chairman, and I look forward to answering your questions.

[Prepared statement of Mr. Thome follows:]

Testimony of IO/STA Director Gregory Thome
House Committee on Oversight and Government Reform
Subcommittee on Government Operations
Hearing of September 7, 2017

Chairman Meadows, Ranking member Connolly, members of the Subcommittee, thank you for the invitation to appear before you today to discuss the shipment of illicit drugs in the international mail and the differences between international mail and private express shipments that relate to abuse of the mail by drug traffickers. Because of the rapid increase in highly potent synthetic opioids entering the country, the Department of State takes this matter very seriously. While recognizing that international mail is only one of the avenues that drug traffickers may try to utilize, we are concerned that the growing volume of e-commerce-linked shipments represents vulnerability, even if we do not understand the full magnitude of the threat. Accordingly, State is making concerted efforts, in cooperation with the U.S. Postal Service (USPS) and U.S. Customs and Border Protection (CBP), to make reforms to the system of global mail exchange that will improve the security of the mail stream and support interdiction efforts.

The Department of State has statutory responsibility for the formulation, coordination, and oversight of foreign policy related to international postal services and other international delivery services. In considering the policy response to the risk posed by abuse of the international mail, the differences between these two types of services are significant. In this regard, the fundamental difference between USPS and private express companies is the nature of the enterprise they are engaged in.

USPS dispatches and receives mail items from 191 foreign postal operators and has limited ability to control the international mail items it receives until they are tendered to it in the United States. Private express companies, in contrast, control collection and delivery of the items they transport, as well as the entire logistics chain in between. This difference gives express carriers clear accountability for the items they bring into the country. A second, related difference is that USPS engages in international mail exchange as the designated operator of the United States, discharging our national treaty obligations as a member of the Universal Postal Union (UPU). Private express companies' shipment of items to the United States, on the other hand, is founded only on their own business decisions. One implication of this difference is that, unlike USPS and other designated postal operators, express companies have no universal service obligation and are free to pick their customers, accepting only those they judge reliable. A third difference, which flows from the first two, is the wide discrepancy in the availability of advance electronic data for international mail relative to private express shipments. Since this data assists CBP in its targeting of items for inspection, this discrepancy is often cited as a vulnerability of international mail. In other words, as regards the collection of electronic data, express carriers can unilaterally impose data collection requirements on their overseas customers, whereas USPS cannot and must work in partnership with 191 different postal services to convince them of the benefits and security that providing electronic data will offer to all.

The UPU is the principal international venue where the Department discharges its responsibilities related to postal affairs. For this reason, I will limit my remarks to efforts underway within that body to expand the exchange of advance electronic data.

The UPU is an intergovernmental organization with a membership that comprises nearly all of the world's countries. It is the first multilateral body the United States joined and the conference that led to its establishment was an initiative of the Lincoln Administration. The UPU's mission entails guaranteeing the free circulation of postal items over "a single postal territory composed of interconnected networks." The UPU is essentially a compact between the world's nations that their postal services will deliver one another's mail according to common rules and on the basis of reciprocity.

UPU member countries gather periodically in World Postal Congresses to update and renew the UPU's Constitution, General Regulations and Convention and to make other decisions, such as the election of members of its interim bodies, including the Postal Operations Council (POC). The United States has been a member of the POC since its establishment and currently chairs one of its main committees, the Committee on Supply Chain Integration, which has responsibility for customs, security, transportation and standards. The United States also chairs the Standing Group on Postal Security, which is led by Chief Inspector Cottrell. These key roles position us very well to lead efforts to accelerate the exchange of advance electronic data in the current Congress cycle.

The UPU Congress, and the forty-member POC, write and adopt the *Acts of the Union*, which are the rules of the road for international mail exchange. U.S. delegations to UPU meetings have worked for many years to incorporate advance electronic data into the Acts and to increase the willingness and ability of foreign postal operators to provide it. Although we continue to urge a more rapid implementation, we have had significant achievements, the pace has accelerated, and our efforts are bearing fruit.

At the 25th Postal Congress in Doha, Qatar, in 2012, the United States was successful in securing amendments to Article 9 of the UPU Convention that committed each member state to adopt and implement a security strategy that "...include[s] the principle of complying with requirements for providing electronic advance data on postal items adopted by the Council of Administration and Postal Operations Council, in accordance with UPU technical messaging standards." Developing the implementing measures for this commitment has been and remains a top priority for U.S. delegations at the UPU, and we have nearly achieved that goal. With active participation and technical input by the United States, the UPU cooperated with the World Customs Organization to develop an electronic system to allow for the capture, transmission, and receipt of advance electronic data.

In February of 2016, after several years of discussions, the POC adopted regulations implementing the advance electronic data provision of the 2012 Article 9 Convention amendment and a Roadmap for their implementation. The United States now leads the steering committee that coordinates the work required to reach the Roadmap's milestones, which include final adoption of the technical messaging standard for item-level data – a goal we expect to achieve at the next POC meeting this October.

As significant as these achievements are, there are still obstacles to overcome. The main impediment to widespread exchange of advanced electronic data is the very limited ability of

most countries' postal services to collect and transmit it. The recently adopted 2017-2020 UPU Business Plan, which the U.S. championed, calls for all postal services to have the capability to exchange item-level data by the end of 2020.

The technical ability to exchange this data does not, however, translate directly into the ability to collect and enter it. Many post offices in rural areas of the developing world do not have Internet connectivity or even reliable sources of electricity, which makes collection and transmission of data for postal items extremely difficult. Even in developed countries, most postal services have been slow to invest in the required infrastructure for item-level electronic data exchange -- and few, if any, countries now have the ability to provide it for 100% of their mail requiring customs declarations.

The U.S. supports UPU-provided capacity building activities, while also advocating for more liberal policies for the use of UPU Quality of Service Fund (QSF) resources to expand funding options available to developing countries for the needed investments. Measures adopted at the most recent Postal Congress, held in Istanbul last fall, will significantly expand the pool of QSF resources by adding China and other middle income countries to the category of payers and by creating a Common Fund to support postal modernization in the least developed countries. In addition, the UPU is devoting approximately half of its cooperation budget over this Congress cycle to a project designed to position postal services in developing countries to realize the benefits of e-commerce-driven growth in postal volumes. A major focus of this program is advance electronic data.

China will not be eligible for new QSF funds after December. It could, however, potentially participate in future QSF Common Fund activities or apply to have part of its very substantial unused QSF balance allocated for an AED-related projects. India, which is emerging as a source country for synthetic opioids, remains eligible for new QSF direct funding, which it could use for AED-linked investments and is likely to benefit from both QSF Common Fund and UPU Development Cooperation projects.

These efforts are greatly aided by the fact that rapid acceleration of investment in, and use of, electronic data for customs and security will primarily be driven by the business needs of postal operators themselves. Increasingly, postal operators see that delays caused by customs processing are a major impediment to growth in the use of the international mail for e-commerce transactions. Exchange of advance electronic data is the only solution to this problem and to others ranging from the return of merchandise subject to duty to interface with mailers and transportation companies.

Another significant development with implications for advance electronic data is the momentous decision of the 26th World Postal Congress, in Istanbul in 2016 to launch the Integrated Product Plan (IPP), which aims to modernize the UPU's product offerings with an eye toward e-commerce and the changing needs of customers and supply chain partners, including customs authorities. This far-reaching effort has clear benefits for the customs processing of mail. Phase 1, which will commence in January of 2018, will introduce a new division of mail products into items containing documents and those containing goods. This split will facilitate compliance with customs requirements, in particular provision of advance electronic data, since

Phase 1 also entails a requirement for mail items containing goods to have a UPU standard bar code label, which is a critical enabling condition.

Furthermore, the regulations approved by the POC in February of last year will allow members to impose requirements for advance electronic data for items containing goods, provided these requirements take into account the capabilities of the network and the countries on which they apply. The thinking behind this limitation in the regulations is that demanding the impossible as a condition for receiving another country's mail is the same as refusing to deliver it at all. Such requirements would undermine the reciprocity that is at the heart of the UPU. Since there are, however, countries that are able to provide advance data for significant portions of their postal volume, the Acts will soon accommodate requirements that they provide it, so long as these requirements are tailored to the capacity of individual sending countries in order not to disrupt the flow of international mail.

Postal services around the world understand the need to incorporate advance electronic data into the fabric of global mail exchange, not only because the United States and other countries will begin to require it but because it is essential to the evolution of the post. This realization accounts, in part, for USPS's expanding network of pilot projects and its success in increasing the flow of advance electronic data for premium products. It also accounts for the emphasis placed on facilitating advance data exchange within the UPU's activities. Consequently, as work on the UPU Roadmap for advance electronic data progresses and IPP implementation proceeds, the number of countries able to provide data and the proportion of their mail stream that it covers will continue to grow. I assure the Subcommittee that the Department of State will spare no effort in working to accelerate this process.

Thank you Mr. Chairman. I look forward to answering your questions and those of other members of the Subcommittee.

Mr. HICE. Thank you very much.
Mr. Cottrell, you are recognized for five minutes.

STATEMENT OF GUY COTTRELL

Mr. COTTRELL. Good afternoon, Chairman Hice, Ranking Member Connolly, and members of the subcommittee. Thank you for calling this hearing on drug trafficking and security standards used by the U.S. Postal Service and private carriers. My name is Guy Cottrell. I'm the chief postal inspector for the United States Postal Inspection Service. In this role, I oversee the law enforcement arm of the Postal Service. Our mission is to support and protect the Postal Service and its employees, infrastructure, and customers.

As one of America's oldest Federal law enforcement organizations, the more than 2,700 men and women of the Postal Inspection Service enforce the laws that defend the Nation's mail system from illegal or dangerous use and ensure public trust in the mail. To that end, the investigation of contraband in international mail is among the highest priorities of the Inspection Service, and we play an active role in the national effort to address the problem of fentanyl and synthetic opioid distribution. We work closely with Federal and local law enforcement partners on criminal investigations, information-sharing, and we used data analysis to target inbound international mail.

We have continually evolved our methods, expanded resources, and strengthened strategic law enforcement partnerships. As a result, we have seen significant improvements in our ability to seize fentanyl and synthetic opioids from the mail. From fiscal year 2016 through August of fiscal year 2017, we have achieved a 3-1/2-fold increase in international parcel seizures and an eight-fold increase in domestic parcel seizures related to synthetic opioids.

As we continue to utilize and develop our available resources to identify illicit drugs located in the United States and take appropriate action, we will continue to enhance investigative techniques and data analytics to better forecast and target incoming parcels in order to seize fentanyl and synthetic opioids sent through the mail.

Mr. Chairman, the Postal Service, in collaboration with the State Department and Customs and Border Protection, plays a leadership role in advocating for the global collection and exchange of advanced electronic data, or AED, on international mail. Through negotiation and advocacy and by targeting those countries of interest identified by customs which are known to be sources of illicit opioids, inbound AED has grown rapidly in the past few years.

Most international mail currently arrives in the United States at one of five international service centers. The Inspection Service's investigative authority begins once inbound mail is released from the first point of entry by our customs counterparts. While AED is used to strengthen our investigations and identify trends, operation methodologies, and potential suspects, we consider AED only one part of a multilayered approach the Inspection Service takes regarding contraband interdiction.

To be successful in thwarting the international drug trade, cooperation and teamwork between law enforcement agencies is critical. Information-sharing is an invaluable asset at the importation

and street level and everywhere in between. Utilizing technology, maximizing the effectiveness of operational processes, and infusing this information with real-time intelligence is critical to the efforts of combating fentanyl and synthetic opioid distribution.

For those items for which AED is furnished, customs has an enhanced ability to target items for inspection. The Postal Service currently receives data on a substantial amount of inbound shipments, including those originating in China. The percentage of inbound items with AED is expected to continue to grow, especially as we expand partnerships with commercial providers and as more countries develop their capacities.

Mr. Chairman, the Postal Inspection Service, working with our law enforcement partners and Postal Service management, is committed to preventing illicit items from entering the Nation alongside legitimate commerce and communication. We stand alongside those agencies that share our mission to combat illegal drugs and contraband. We additionally concur with the recommendations of the Government Accountability Office to further assess the value of AED in support of national investigation and interdiction efforts.

The Postal Service and the Postal Inspection Service will continue to take all practicable measures to ensure the security of our nation's mail and provide the American public the best, most efficient service possible.

Again, I thank you for this opportunity to testify, and I look forward to your questions.

[Prepared statement of Mr. Cottrell follows:]



**Statement of Guy Cottrell
Chief Postal Inspector
United States Postal Inspection Service
Before the Subcommittee on Government Operations of
The Oversight and Government Reform Committee
United States House of Representatives
September 7, 2017**

Good morning, Chairman Meadows, Ranking Member Connolly, and members of the Subcommittee. Thank you, Chairman Meadows, for calling this hearing on drug trafficking and security standards used by the U.S. Postal Service and private carriers.

My name is Guy Cottrell, and I serve as the Chief Postal Inspector for the United States Postal Inspection Service (Inspection Service). In this role, I oversee the law enforcement arm of the Postal Service whose mission it is to support and protect the Postal Service and its employees, infrastructure, and customers. As one of America's oldest federal law enforcement organizations, we enforce the laws that defend the nation's mail system from illegal or dangerous use, and ensure public trust in the mail. To that end, we play an active role in the effort to address the problem of fentanyl and synthetic opioid distribution. I appreciate your interest in understanding the Inspection Service's role and exploring ways to ensure and strengthen our nation's mail security.

Responding to the Opioid Crisis

In plain terms, the role of the Inspection Service is to investigate mail-related crimes. When investigating contraband in international mail, we utilize a multi-layered approach. This approach, which I describe later in this testimony, combines our capabilities with the expertise of our law enforcement partners.¹ In addition, we use data analysis and information sharing to target inbound international mail that arrives in the United States at one of five International Service Centers (ISCs).²

Congress has given U.S. Customs and Border Protection (CBP) the responsibility and authority to search items at the first point of entry into the United States, including the authority at these locations to open and inspect all inbound items without a warrant to identify prohibited items. The Inspection Service's investigative authority usually begins

¹ CBP, Drug Enforcement Agency, Organized Crime Drug Enforcement Task Force, High Intensity Drug Trafficking Area, Office of National Drug Control Policy, and local agencies.

² The Postal Service operates five ISCs that send and receive international mail shipments. These include facilities in New York NY, Miami FL, Chicago IL, San Francisco CA, and Los Angeles CA. There are four additional international mail receiving offices of exchange in New Jersey, Honolulu, San Juan, and the U.S. Virgin Islands.

once inbound international mail is released from the first point of entry by our CBP counterparts. If the Inspection Service suspects that an item contains contraband, postal inspectors generally need to present probable cause to a federal judge and secure a federal search warrant before opening any incoming international mail piece that is within a class sealed against inspection.

Detecting the importation of fentanyl and other synthetic opioids in the U.S. Mail is a key priority for the Inspection Service. We are continuously refining our law enforcement operations, target focus, and personnel resources to maximize our capabilities. Currently, the Inspection Service is focusing on several different investigative approaches:

- We review past and current Inspection Service and CBP seizure data to improve our investigative efforts and develop leads. We have launched a Cyber and Analytics Unit to enhance investigative techniques and analytics to better forecast and target international parcels.
- We have full-time personnel at the Drug Enforcement Administration's (DEA's) International Organized Crime Center (IOC-2), the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, and the CBP National Targeting Center (NTC). Being embedded in these locations allows the Inspection Service to share intelligence, coordinate cases and conduct joint enforcement operations domestically and internationally.
- The Inspection Service also partners with High Intensity Drug Trafficking Area (HIDTA) Task Forces, OCDETF, and the Office of National Drug Control Policy (ONDCP) to coordinate investigative information and real-time intelligence. These relationships strengthen cohesive communication and data sharing partnerships that enable the identification of criminal networks, which would not be possible without interagency cooperation.
- We currently participate in the ONDCP Federal Law Enforcement Secure Conference Group, the Interagency Implementation Group, and the DEA's Heroin/Fentanyl Task Force to stay abreast of the latest trends in criminal activity and transnational threats.
- We continue to work with Postal Service management to enhance operational processes and equipment that utilizes advanced technologies. This includes transitioning from manually sorting parcels to automated operations at the ISCs. We are investing in an opiate antidote to enhance employee safety and researching some of the latest investigative technologies such as handheld narcotics analyzers. Moving forward, we will continue to review new technology and deploy it as warranted.

As a result of these efforts and partnerships, some of our successes include:

- In March of this year, information was received regarding 300 inbound parcels of interest. Combining the efforts of the Inspection Service, Homeland Security Investigations (HSI), and DEA, numerous leads were sent to destination field divisions. CBP was able to intercept 133 of the mailings at ISCs. Postal inspectors were able to intercept 145 parcels. Of these parcels, all contained a synthetic opioid, or a controlled or unknown substance. The Inspection Service, HSI Hong Kong, and the Hong Kong Customs and Excise Department conducted additional follow-up in a related 4-day operation and intercepted an additional 135 parcels, 130 of which contained contraband, with 67 of those destined for the United States. This is an on-going international investigation.
- Recent investigations include multiple arrests: a fentanyl redistributor in Portland, OR; an individual receiving fentanyl patches and other narcotics in Montgomery, AL; and a Damascus, MD, distributor linked to an international fentanyl supplier.
- We currently have at least 100 open cases nationwide with at least 25 of those believed to have a dark-web or international online vendor nexus. These include a fentanyl distributor linked to over 3,000 transactions; an investigation that has revealed a large-scale pill press operation that netted the operator at least \$1.2 million; and a case involving several thousand mailings of what is believed to be U-47700, a synthetic opioid. This last case located a clandestine drug manufacturing and milling operation as a result of the analysis of intelligence from multiple agencies.

As the importation of synthetic opioids has evolved, we continue to enhance our investigative methods, deploy additional resources as needed, and strengthen strategic partnerships. Consequently, we have seen significant improvements in our ability to seize fentanyl and synthetic opioids from the U.S. Mail. From fiscal year (FY) 2016 through August of FY2017, we have achieved a greater than 300 percent increase in international parcel seizures and a greater than 800 percent increase in domestic parcel seizures related to synthetic opioids.

As we continue to utilize and develop our available resources to identify illicit drugs located in the United States and take appropriate action, we will continue to enhance investigative techniques and analytics to better forecast and target incoming parcels in order to seize fentanyl and synthetic opioids sent through the U.S. Mail.

Status of Memorandum of Understanding (MOU)

MOUs are a vital tool for interagency cooperation. An MOU between the Postal Service and CBP, which defines the participants' roles and responsibilities in relation to their mutual cooperation, was completed on September 1, 2017. It solidifies the interagency partnership between CBP, the Postal Service and the Inspection Service at all ISCs.

Growing Advance Electronic Data (AED)

The Growth of AED

AED includes the sender's full name and address (including full business name), the recipient's full name and address, the stated content description, unit of measure and quantity, weight, value, and date of mailing. Since the enactment of the Trade Act of 2002, the United States and a number of other industrialized countries have improved technical capabilities to provide AED. Today, the Postal Service collects AED for more than 90 percent of its outbound international mail and in July – the most recent month for which we have finalized results – AED was received for 40.2 percent of inbound mail.³ To put this in perspective, comparing data from FY 2015 to the present, AED for inbound international mail has increased from approximately one percent to its present percentage.

The increase in the percentage of inbound items with AED is expected to continue to grow, especially as we increase our partnership with commercial providers and more countries develop their capacities to provide this data.

While the Postal Service has been a leading proponent of AED, it is faced with certain constraints. As the designated postal operator of the United States, the Postal Service is obligated to accept and deliver letter and parcel post from nearly every country in the world. However, the Postal Service cannot set the postage prices paid by foreign shippers, and also cannot unilaterally set the rates for letter post and parcels (except certain expedited items) paid by foreign postal operators for delivery within the United States. Further, the Postal Service does not control the induction of foreign mail destined for the United States, so it cannot control the collection and transmission of AED abroad.

Bilateral and Multilateral AED-Sharing Agreements

The Postal Service has prioritized obtaining AED from the largest volume foreign postal operators (FPOs), which collectively account for over 90 percent of all inbound volumes.

Earlier this year, Postal Service management adopted a policy of requiring AED to accompany any package flows for which rates are established under bilaterally negotiated arrangements with FPOs (that is, agreements establishing inbound international mail rates for which there is a single counterparty). In accord with implementation of this policy, the Postal Service has entered into bilateral agreements with AED requirements for package flows covered by the agreements with the FPOs of Australia, China, Hong Kong, and Korea. The Postal Service will continue its efforts to negotiate AED requirements in other bilateral agreements, including a bilateral with Canada Post that is scheduled to expire at the end of calendar year 2017.

The Postal Service continues to lead the initiative for the exchange of AED through

³ Volumes measured exclude letter- and flat-shaped letter post items and military mail.

multilateral agreements and strategic alliances. The Kahala Posts Group (KPG) is an organization composed of several large volume postal operators. Through that organization, the Postal Service has shared AED best practices, assisted in the development of a Data Sharing Agreement (DSA), and encouraged members to commit to the collection of AED and set performance standards for themselves. As a result, KPG continues to prioritize AED efforts. Each of the eleven members submitted AED targets and timelines to support those goals. The Postal Service continues to engage members to track progress on those project plans as well as monitor their performance. Data sharing agreements have also been executed with many other countries, as Postal Service management strives to make AED exchanges the norm in cross-border postal exchanges.

Partnerships with Commercial Providers of Inbound International Shipments

The Postal Service accelerates AED collection through its Global Direct Entry (GDE) Wholesaler Program. Private sector companies that participate in GDE are required to provide inbound international shipments and parcels with AED to CBP using the commercial customs clearance process. Once cleared by CBP, companies enter the shipments and parcels as domestic mail into the Postal Service network. Prospective GDE wholesalers must meet certain criteria and receive approval from the Postal Service before participating in the program.

Actions Through the Universal Postal Union

Further, the Postal Service works closely with the United States Department of State, which has lead responsibility for representing the United States Government in the Universal Postal Union (UPU), the 192-member international organization charged with facilitating the exchange of mail among member countries through treaty agreements. At the UPU, United States initiatives have included advocating in favor of proposals for AED requirements with supporting features like mandatory barcodes, and have contributed to the UPU membership's increase in adoption and implementation of AED messaging and security standards.

As Chief Postal Inspector, I serve as Chairman of the Postal Security Group (PSG), within the UPU located in Berne, Switzerland. Chief Postal Inspectors have chaired this group since 1997. The PSG has provided training, support materials and assistance to posts during the last 20 years. After the Yemen incident in October 2010, the PSG spearheaded the development of improved security standards for the world's posts, known as S58 - *General Security Measures* and S59 - *Office of Exchange and International Airmail Security*. The Inspection Service serves as a consultant to the PSG for training that directly supports the aforementioned security standards. Security standards S58 and S59 are meant to standardize dedicated security guidelines around the world. They establish a security assessment and evaluation process that recognizes successful compliance.

The PSG will also continue to compile information and disseminate best practices among its member countries in its efforts to improve security in postal networks.

Using AED

International Mail Processing

In the current process, inbound international mail from foreign postal operators arrives at one of our ISCs. After an initial bulk screening by CBP, inbound international items are unloaded and individual mail bags and receptacles receive a receipt scan by the Postal Service. At this point, items requested by CBP are presented to CBP for further inspection.

For those items for which AED are furnished, CBP has an enhanced ability to target items for inspection. Once CBP has completed its inspection and assessed any applicable duties and taxes, those items that are cleared are released to the Postal Service for processing and delivery.

ISC Pilot Programs

As briefly mentioned earlier, the Postal Service and the Inspection Service are continuing to coordinate with CBP to enhance our current operational processes and equipment at our ISCs. The Postal Service began a pilot program in mid-2015 at the New York ISC to use inbound AED to facilitate more advanced targeting by CBP. The Postal Service provides AED to CBP that can be used to review and target specific mail pieces prior to arrival at the ISC. CBP identifies the individual target items, and the Postal Service locates the target items within the inbound receptacles based on AED. Once located, the Postal Service presents the targeted items to CBP for inspection.

With the lessons learned from the original pilot, the Postal Service and CBP expanded the program to two other ISCs over the past three months. The Postal Service is actively working with CBP to expand this approach to the remaining two ISCs in the near future. Over the last six months, the Inspection Service and CBP have more than tripled the number of holds placed on a daily basis, as well as expanded both the countries and types of packages available for targeting, as sorting has advanced from manual to automated. As the Postal Service continues to advance mail sorting technology, these successes will grow.

The increase in the percentage of inbound items with AED is also expected to continue to grow, especially as more countries develop their capacities to generate AED with outbound dispatches. It should be emphasized that the Postal Service currently receives data on a substantial amount of inbound shipments, including those originating in China, which is a source of fentanyl and other synthetic opioids.

The GAO recently completed a report on International Mail Security. The Postal Service agrees with the recommendation that CBP, in coordination with the Postal Service, (1) establish measurable performance goals to assess pilot programs, and (2) evaluate the costs and benefits of using AED to target mail for inspection in comparison with other targeting methods. This will be important to determine before spending

significant resources.

The Postal Service and CBP meet weekly to review the status of the pilot program. The workgroup has already begun working through the methodology for determining performance goals for the pilot programs, comparing data on holds placed and ensuring information is shared among the stakeholders. The Postal Service is prepared to support CBP in the evaluation of costs and benefits of AED as needed.

Conclusion

In conclusion, the Inspection Service understands and appreciates the concerns about illegal drugs and contraband entering the United States through various delivery networks, including the mail.

While AED is used to strengthen our investigations and further identify trends, operational methodologies and potential suspects, it is only part of the multi-layered approach the Inspection Service uses for contraband interdiction. The Inspection Service relies heavily on the principle that every law enforcement agency brings value and potentially vital information to help identify major drug traffickers. Information can originate from the local level with an arrest, a tip from an informant, or interdiction initiatives that lead to a seizure. For continued success in thwarting the international drug trade, cooperation and teamwork between law enforcement agencies has proven critical. Information sharing is an invaluable asset at the importation and street level, and everywhere in between. Leveraging technology, maximizing the effectiveness of automation, and utilizing intelligence is critical to the efforts of combatting fentanyl and synthetic opioid distribution.

Throughout our 242-year history, the Inspection Service and the Postal Service have been and will continue to be committed to taking all practicable measures to ensure the security of our nation's mail, and to provide the American public the best, most efficient service possible. Again, thank you for this opportunity to testify and I look forward to answering your questions.

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Mr. HICE. I thank the gentleman.

Mr. Owen, you are recognized for five minutes.

STATEMENT OF TODD C. OWEN

Mr. OWEN. Good afternoon. Vice Chairman Hice, Ranking Member Connolly, distinguished members of the subcommittee, thank you for the opportunity to appear today to discuss the role of U.S. Customs and Border Protection in combating the flow of dangerous illicit drugs into the United States specifically through international mail and express courier facilities.

Before I provide my formal comments on the topic of today's hearing, I would first like to publicly recognize the men and women of U.S. Customs and Border Protection who responded to the Houston area in the aftermath of Hurricane Harvey to assist in the rescue and recovery efforts. Over 600 CBP air and marine interdiction agents, Border Patrol agents, and Customs and Border Protection officers with 50 vessels and 25 aircraft responded under very dangerous and very challenging conditions and rescued 1,362 people. And as Hurricane Irma takes aim at the U.S. mainland, CBP stands ready again to provide assistance and any necessary rescue and recovery efforts.

As the unified border security agency of the United States, CBP plays a critical role in our nation's efforts to keep dangerous drugs from entering our communities. CBP's Office of Field Operations interdicts drugs and other dangerous items at our ports of entry, including multiple mail and express courier facilities, by leveraging advanced data, automated targeting, and intelligence-driven strategies, and using various types of detection technology as part of our multilayered risk-based approach to enhance the security of our borders.

In fiscal year 2016, across the Nation, CBP seized more than 3.3 million pounds of narcotics. While most smuggling attempts occur at the Southwest border ports of entry, smuggling in the mail and express courier environments is a growing threat, especially the smuggling of illicit synthetic drugs such as fentanyl. Each day, over 1 million packages arrive into our international mail and express courier facilities. With the explosion of e-commerce, these volumes continue to grow.

Upon arrival, every package is screened through radiation detection equipment for the presence of radioactive materials. And thanks to the support of Congress, CBP has made significant investments and improvements in our targeting, detection, and identification capabilities. These resources, along with enhanced information-sharing agreements, and law enforcement partnerships such as the one we have with the U.S. Postal Service are critical components in CBP's ability to detect and deter the entry of dangerous illicit drugs in international mail and express courier environments.

Specific to the threat posed by fentanyl and other synthetic opioids, so far this fiscal year in the mail and express courier environments, CBP has made 242 seizures of fentanyl, totaling almost 300 pounds. In contrast, in the land environment, CBP has made 46 seizures totaling approximately 494 pounds. So while we encounter more fentanyl by weight in the land environment, we make

more seizures in the mail and express consignment arenas. Furthermore, the average purity of fentanyl in the mail and express environment is over 90 percent, whereas the average purity of fentanyl seized in the land border environment is approximately 7 percent.

Because synthetic opioids represent significant health and safety risks to our officers and our narcotics detection canines, CBP has deployed throughout our ports of entry a full suite of safety and personal protective equipment, as well as naloxone, a potentially lifesaving drug used to immediately counteract the effects of unintentional exposure.

In conclusion, CBP will continue to work with our law enforcement partners, the international community, and our international partners to refine and enhance the effectiveness of our targeting, detection, and interdiction measures at all ports of entry, including international mail and express courier facilities.

Vice Chairman Hice, Ranking Member Connolly, distinguished members of the subcommittee, thank you for the opportunity to testify today, and I look forward to your questions.

[Prepared statement of Mr. Owen follows:]



TESTIMONY OF

TODD C. OWEN
Executive Assistant Commissioner
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U.S. Customs and Border Protection
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For a Hearing

BEFORE THE

U.S. House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Government Operations

ON

"Examining the Shipment of Illicit Drugs in International Mail"

September 7, 2017
Washington, D.C.

Introduction

Chairman Meadows, Ranking Member Connolly, and distinguished Members of the Subcommittee, thank you for the opportunity to appear today to discuss the role of U.S. Customs and Border Protection (CBP) in combating the flow of dangerous illicit drugs into the United States, specifically through international mail and express consignment carrier (ECC) shipments.

As America's unified border agency, CBP plays a critical role in the Nation's efforts to keep dangerous drugs from harming the American public. CBP's Office of Field Operations (OFO) interdicts drugs at our ports of entry (POEs) and multiple mail and ECC facilities, leveraging targeting and intelligence-driven strategies, and working with our partners to combat Drug Trafficking Organizations (DTOs) as part of our multi-layered, risk-based approach to enhance the security of our borders. This layered approach reduces our reliance on any single point or program and extends our zone of security outward ensuring our physical border is not the first or last line of defense, but one of many.

Illicit Drug Trends, Interdictions, and Challenges

While most illicit drug smuggling attempts occur at Southwest land POEs, the smuggling of illicit synthetic drugs in the mail and ECC environment is a growing threat that we need to work to address. Several different types of illicit synthetic drugs, also called "designer drugs", are currently being sold and shipped to end-users in the United States, including synthetic opioids such as fentanyl,¹ synthetic cannabinoids,² and synthetic cathinones.³ CBP seizures of fentanyl, the most frequently seized synthetic opioid,⁴ remain relatively small compared to other opioids such as heroin,⁵ but have significantly increased over the past three years, from approximately two pounds seized in Fiscal Year (FY) 2013 to approximately 544 pounds seized in FY 2016.⁶

Illicit synthetic drugs are often purchased from foreign sellers through online transactions. The drugs are then shipped to the United States and delivered to domestic purchasers – DTOs and individuals – primarily via U.S. mail or ECC. DTOs and individual purchasers move synthetic drugs such as fentanyl in small quantities, making detection and targeting a significant challenge.

¹ Along the Southwest border, the practice of mixing synthetic opioids into heroin makes it more challenging for CBP to accurately quantify how much synthetic opioid is seized at the border.

² Synthetic cannabinoids are drugs that do not contain marijuana but are pharmacologically similar to tetrahydrocannabinol. (<https://www.cdc.gov/mmwr/volumes/65/wr/mm6527a2.htm>)

³ Synthetic cathinones, more commonly known as "bath salts," are synthetic drugs chemically related to cathinone, a stimulant found in the khat plant. (<https://www.drugabuse.gov/publications/drugfacts/synthetic-cathinones-bath-salts>)

⁴ While fentanyl is the most frequently-seized synthetic opioid, CBP has also encountered various types of fentanyl analogues, including acetylfentanyl, butyrylfentanyl, beta-hydroxythiofentanyl, para-fluorobutyrylfentanyl, pentanoylfentanyl, alpha-methyl acetylfentanyl, para-fluoroisobutyrylfentanyl, para-fluorofentanyl, carfentanil, furanylfentanyl, and most recently benzodioxolefentanyl, acrylfentanyl, and methoxyacetylfentanyl. Also, CBP's Laboratories and Scientific Services Directorate (LSSD) has presumptively identified n-hexanoyl fentanyl and benzoyl fentanyl, and are working diligently to confirm these new substances.

⁵ In FY 2016, CBP officers and agents seized or disrupted more than 3.3 million pounds of narcotics across the country, including approximately 46,000 pounds of methamphetamine, approximately 200,000 pounds of cocaine, and approximately 4,800 pounds of heroin. <https://www.cbp.gov/sites/default/files/assets/documents/2016-Dec/CBP-fy2016-border-security-report.pdf>.

⁶ This includes approximately 440 pounds seized at POEs (including mail and ECC facilities) and 104 pounds seized at U.S. Border Patrol checkpoints.

Follow-on investigations, which are conducted by U.S. Immigration and Customs Enforcement – Homeland Security Investigations (ICE-HSI), are also challenging because these shippers often are not the hierarchically structured DTOs we usually encounter.

In FY 2017 to date,⁷ CBP has made 90 seizures of fentanyl totaling approximately 217 lbs. in the ECC environment and 152 seizures totaling approximately 82 lbs. of fentanyl in the international mail environment. CBP has also made 46 seizures at land POEs totaling approximately 494 lbs.; however, the average purity of fentanyl in the international mail and ECC environments is over 90 percent, whereas the average purity of fentanyl in the land border environment is only 7 percent. Purchasers can also access open source and dark web marketplaces for the tools needed for manufacturing synthetic drugs. In the case of fentanyl, powdered fentanyl, pill presses, and binding agents can be purchased online and then shipped into the United States.⁸ In FY 2014, 24 pill press/tablet machines were seized by CBP, and the number increased to 51 in FY 2015 and 58 in FY 2016.

International Mail and Express Consignment Carrier Operations

In the ECC environment, shipments are processed at 26 facilities located throughout the United States. Prior to arrival of the express parcels, CBP reviews the manifest information transmitted by the ECC operators and targets those packages requiring examination. All parcels presented to CBP for examination are subjected to Non-Intrusive Inspection (NII) to include x-ray and gamma ray imaging. CBP operates in all 26 facilities nationwide.

CBP also operates within nine International Mail Facilities (IMF), inspecting international mail arriving from more than 180 countries. Upon arrival in the United States, all international mail parcels are screened for radiological threats. International mail requested for inspection by CBP is then turned over to CBP by the United States Postal Service (USPS). CBP x-rays all international mail packages presented by USPS and physically examines those deemed to be high-risk.

Currently, in the international mail environment, there is limited advance information available. The lack of advanced manifest data, which would aid in targeting shipments, as well as the sheer volume of mail and potentially hazardous nature of various types of illicit drugs, present challenges to CBP's interdiction efforts in the international mail environment. The detection of illicit synthetic drugs in particular remains challenging. Illicit drug manufacturers seek to outpace the law by continually manufacturing new drug analogues, challenging CBP's targeting and detection capabilities.

Although the processing of inbound international mail is primarily manual, requiring CBP officers to sort through large volumes of parcels, CBP officers utilize experience and training to identify items that potentially pose a risk to homeland security and public safety while facilitating the movement of legitimate mail. On April 20, 2017, CBP officers working at the IMF in Chicago, Illinois, intercepted a package from China destined for Lafayette, Indiana, that was not manifested and had no declared value. CBP officers selected the package for further examination due to prior

⁷ As of August 27, 2017.

⁸ U.S. law enforcement suspects that there are also some clandestine fentanyl production labs in Mexico that likely obtain precursor chemicals from China.

seizures utilizing similar packaging. A physical examination of the package revealed 2.27 pounds of a fentanyl analogue. CBP has also worked in coordination with local police departments, as in the case of a man arrested in Rohnert Park, California, in late 2016 for collecting a package shipped internationally through the mail containing \$30,000 worth of MDMA, also called Ecstasy or Molly.⁹

CBP Resources and Capabilities to Target, Detect, and Interdict Illicit Drugs

Thanks to the support of Congress, CBP has made significant investments and improvements in our drug detection, identification, and targeting capabilities. These resources, along with enhanced information sharing and partnerships, are critical components of CBP's ability to detect and deter the entry of dangerous illicit drugs in the international mail and ECC environments.

Advance Information and Targeting

An important element of CBP's layered security strategy is obtaining advance information to help identify shipments that are potentially at a higher risk of containing contraband. Under the *Security and Accountability for Every Port Act* or *SAFE Port Act of 2006*, (Pub. L. No. 109-347), CBP has the legal authority to collect key air and maritime cargo data elements provided by air, sea, and land commercial transport companies (carriers) — including ECCs and importers. This information is automatically fed into CBP's Automated Targeting System, an intranet-based enforcement and decision support system that compares cargo and conveyance information against intelligence and other enforcement data.

CBP's National Targeting Center (NTC) is where advance data and access to law enforcement and intelligence records converge to facilitate the targeting of travelers and items of cargo that pose the highest risk to our security — in all modes of inbound transportation. The NTC takes in large amounts of data and uses sophisticated targeting tools and subject matter expertise to analyze, assess, and segment risk at every stage in the cargo/shipment and travel life cycles. As the focal point of that strategy, the NTC leverages classified, law enforcement, commercial, and open-source information in unique, proactive ways to identify high-risk travelers and shipments at the earliest possible point prior to arrival in the United States.

Because of the complex tracking systems used by ECCs, when CBP identifies a high-risk shipment in the ECC environment, it has the ability to place an electronic hold and to notify the carrier that a particular parcel needs to be presented to CBP for inspection. The major international air shipping carriers have a tracking number system that allows them to pull these parcels for inspection when they are scanned into the computer system upon arrival at an air hub.

⁹ Per <http://www.sfchronicle.com/crime/article/Rohnert-Park-man-busted-in-club-drug-smuggling-10623082.php?ipid=gsa-sfgate-result>

As mentioned above, in the international mail environment, there is limited advance information available. USPS receives mail from more than 180 countries, the vast majority of which arrives via commercial air or surface transportation. The international mail system is not integrated and few foreign postal administrations provide advance manifest data to USPS (which may then be passed on to CBP). Hence, within the mail environment, CBP Officers must rely on intelligence and physical or x-ray examinations to carry out their enforcement mission. CBP and the USPS have been conducting an advance data pilot on express mail and e-packets from select countries, and CBP continues to work with the USPS to address the issue of electronic advanced data and, through its participation on U.S. delegations to meetings of the Universal Postal Union, is working to expand its use globally.¹⁰

Detection Technology and Canines

CBP officers utilize NII, spectroscopic and chemical testing equipment, and detection canines to detect and identify illicit drugs at international mail and ECC facilities. Canine operations are an invaluable component of CBP's counternarcotic operations. CBP canine teams work at international mail facilities to examine millions of foreign mail shipments coming into the United States from all parts of the world. Synthetic opioids present unique challenges to canine teams due to the potency of the drug and the associated danger to the health and safety of the canines and their handlers. CBP recently assessed the feasibility of safely and effectively adding fentanyl as a trained odor to OFO's deployed narcotic detection canine teams.¹¹ On June 23, 2017, CBP successfully completed its first Fentanyl Detection Canine Pilot Course, which added the odor of fentanyl and its analogues to six OFO canine handler teams. CBP continues to conduct special research to determine the detection and identification of signature odor profiles for fentanyl compounds to aid in our detection capabilities.

The narcotics seized through the mail and at ECC facilities usually have a very high purity compared to seizures along the Southwest border due to the DTO practice of mixing synthetic opioids with other substances.¹² Therefore, at IMFs and ECC facilities, CBP officers use Fourier

¹⁰ 49 U.S.C. 44901(a) states: "The Under Secretary of Transportation for Security shall provide for the screening of all passengers and property, including United States mail, cargo, carry-on and checked baggage, and other articles, that will be carried aboard a passenger aircraft." Under 49 C.F.R. 1540.5, "Cargo means property tendered for air transportation accounted for on an air waybill. All accompanied commercial courier consignments whether or not accounted for on an air waybill, are also classified as cargo. Aircraft operator security programs further define the terms 'cargo' and 'non-U.S. Mail'." Under TSA regulations, international mail destined for the United States is considered cargo and, as a result, is subject to all existing security controls. These security controls, which include screening for unauthorized explosive, incendiary, and other destructive substances or items in accordance with TSA regulations and security program requirements, are applied to international mail prior to transporting on aircraft at Last Point of Departure locations to the United States. These requirements are not dependent on advance electronic manifest data, as provided by ECC operators and other participants in the Air Cargo Advance Screening (ACAS) pilot program.

¹¹ CBP offices involved in this assessment include OFO, the Office of Training and Development CBP Canine Training Program, the Laboratory and Scientific Services Directorate, and the Office of Chief Council, Labor Employee Relations, and Occupational Safety and Health Divisions.

¹² Synthetic drugs seized in the mail environment generally contain a purity greater than 90 percent with the exception of two drug classes: naturally occurring drugs and certain forms of steroids. In contrast, the purity of seizures along the Southwest border, and particularly of synthetic opioids, average about seven percent controlled substance content. At limited land POEs, officers use Gemini Raman Spectroscopy and handheld narcotics analyzer equipment and NIK narcotic field drug test kits that have the ability to make identifications of illicit substances. However, detecting

Transform Infrared Spectroscopy (FT-IR), Gemini Raman Spectroscopy,¹³ handheld narcotics analyzers, and NIK narcotic field drug test kits¹⁴ to test suspect substances and obtain a presumptive result. When illicit drugs are seized at an IMF or ECC facility, the sample data is then transmitted directly to CBP's Laboratories and Scientific Services Directorate (LSSD) for scientific identification and interpretation.

CBP also performs illicit synthetic drug detection in the field with LSSD's Field Triage Infrared Reachback Program, which utilizes ruggedized FTIR equipment, the data from which is transmitted from officers in the field to scientific personnel at LSSD to provide presumptive results. When any synthetic opioids are detected by the reachback program, LSSD notifies key CBP personnel at the NTC as well as the liaisons with DEA's Special Operations Division, so they can generate near real-time intelligence and see if controlled deliveries can be executed. LSSD is working to expand the field testing program, along with the scientific assets and personnel who are able to provide real-time chemical composition determinations.¹⁵

In the fourth quarter of FY 2016, OFO conducted a pilot with the San Diego Field Office and the LSSD Los Angeles Laboratory to evaluate new testing methods for the identification of fentanyl. The pilot tested four handheld tools along with a new reagent test kit to provide immediate presumptive testing for fentanyl. Of the four tested, the Gemini Analyzer proved to be the most reliable instrument. The Gemini system combines Raman with FT-IR technology and encompasses a software library that evaluates and identifies liquid and chemical explosives. Based on the results of the pilot, OFO procured twelve Gemini systems and assigned a Program Manager to provide a Fentanyl Safety Brief for the CBP officers across San Diego, Tucson, El Paso, and Laredo Field Offices. Currently, OFO is working to procure more than 60 additional handheld analyzers, test kits, and the necessary protective equipment to conduct non-contact sampling on-site. The systems will be deployed in the mail and ECC cargo facilities and at POEs on the Southwest border. CBP will prioritize procurement and deployment plans of additional devices based on the availability of funds and analysis of synthetic drug interdiction rates.

Technology and canine detection capabilities are critical components of CBP's security operations at mail and ECC cargo facilities. These capabilities are used in conjunction with advance information and targeting capabilities to effectively and efficiently detect and interdict dangerous illicit drugs.

Workforce Protection

CBP's frontline operations, including drug interdiction activities, are extremely hands-on. The potential for contact with dangerous substances – especially illicit synthetic opioids – is a very real

synthetic opioids that are mixed with cutting agents, such as lactose and dipyrone, which are regularly found at Southwest LPOEs, remain a challenge for the current technology.

¹³ Raman spectroscopy is a technique used in chemistry to provide a structural fingerprint by which molecules can be identified.

¹⁴ The NIK field presumptive test kits are chemical screening kits used to identify the most commonly encountered narcotic and street drugs.

¹⁵ LSSD has provided triage on 5,299 submissions during FY 2015, and 8,384 submissions for FY 2016. Since the inception of the program, LSSD has triaged 20,158 submissions within a business day and has generated many controlled deliveries because of the rapid turnaround.

health and safety risk to law enforcement personnel and canines. For example, in its pure powder form, fentanyl is approximately 50-100 times more potent in its intensity, speed of action, and effect on organs than morphine, and, at first glance, it is often mistaken for other drugs, which appear as white powders such as cocaine or heroin. Due to the risk of unintentional exposure and subsequent hazardous drug absorption and/or inhalation, the confirmatory testing for the presence of synthetic opioids such as fentanyl is best executed in a laboratory by trained scientists and technicians.¹⁶

Explicit instructions, including guidance to canine handlers, have been distributed to the field regarding the safe handling of fentanyl. Additionally, in response to increased seizures at LPOEs and the upsurge in the use of heroin (which is increasingly cut with fentanyl) across the Nation, in October 2015 CBP completed Phase 1 of a pilot program to train and equip CBP officers with naloxone, a potentially life-saving drug for the treatment of opioid exposure. During Phase I, CBP officers, at seven participating POEs¹⁷ received training on recognizing the signs and symptoms of opioid exposure, administering naloxone, and were certified as CPR instructors. In February 2016, CBP initiated Phase 2 of the Naloxone Initiative Pilot Program, expanding the pilot to an additional eight POEs and deploying 602 dual-dose Narcan Nasal Spray® kits to the field.¹⁸ The naloxone program has also expanded to LSSD to help protect its scientists both in its main and satellite laboratories. CBP was the first Federal law enforcement agency to implement such a program.

Information Sharing and Operational Coordination

Substantive and timely information sharing is critical to targeting and interdicting shipments containing illicit drugs. CBP contributes to the whole-of-government effort to identify and disrupt sophisticated routes and networks used by DTOs for the smuggling of illicit drugs by sharing critical information on individuals and cargo with investigative and intelligence partner agencies.

To bolster its targeting mission in the international mail and ECC environments, the NTC collaborates with critical partners on a daily basis, including ICE-HSI, the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation, the Food and Drug Administration Office of Criminal Investigations (FDA/OCI), other members of the Intelligence Community, and the United States Postal Inspection Service (USPIS). CBP is sharing information with these agencies and conducting joint enforcement initiatives, including intelligence-driven operations designed to identify and disrupt drug smuggling. As of April 2017, the NTC has two permanent USPIS employees working in the NTC narcotic targeting units under a recent MOU. Moreover, NTC works in close coordination with several pertinent task forces including the Organized Crime Drug Enforcement Task Forces, the High Intensity Drug Trafficking Areas, as well as the Department of Homeland Security's Joint Task Force–West and Joint Task Force–Investigations.

¹⁶ Expedited analysis can have a turnaround time of a day or two; the turnaround time for non-expedited samples can be up to two months. Routine samples are treated as non-expedited. Samples that are treated as expedited are samples that are destined for controlled deliveries, have an impending court date, person or persons under arrest or detention, or are otherwise deemed a priority.

¹⁷ Phase 1 Naloxone Pilot Program POEs include El Paso; Laredo; Fort Lauderdale International Airport; John K. Kennedy International Airport; San Luis; San Ysidro; and Seattle/Blaine.

¹⁸ Phase 2 Naloxone Pilot Program POEs include Miami Int'l/Miami Seaport; Boston; Buffalo; Detroit; Newark; Chicago; Houston Int'l/Houston Seaport; and Dallas.

The OFO Tactical Operations Division directs special enforcement operations, in concert with ICE-HSI and other law enforcement partners, to identify and disrupt drug smuggling at targeted POEs, IMFs, and ECC facilities. These operations involve NII technology, canine enforcement teams, Antiterrorism-Contraband Enforcement Teams, Special Response Teams, and other law enforcement partner resources. For example, in January 2017, CBP officers at the John F. Kennedy (JFK) International Airport IMF partnered with ICE-HSI, DEA, FDA, U.S. Fish and Wildlife Service, and the U.S. Consumer Product Safety Commission to launch "Operation Mail Flex." This five-day joint operation targeted and interdicted illicit fentanyl and other opioids shipments that posed a health and safety risk to consumers. Operation Mail Flex focused on express mail originating in China and Hong Kong. This successful operation resulted in the seizure of 2.4 kilograms (5.31 pounds) of fentanyl and 134 other controlled substances. It also resulted in the seizure of 1,297 non-compliant imports and provided law enforcement officers with the opportunity to conduct eight controlled deliveries to unsuspecting drug smugglers. CBP is also conducting other special enforcement operations, including "Operation Crush" at the ECC facilities in Cincinnati, Louisville, and Memphis to seize hard narcotics such as fentanyl.

Additionally, CBP is a key partner in the implementation of the Office of National Drug Control Policy's (ONDCP) Heroin Availability Reduction Plan (HARP). CBP also participates in the Department of Justice's Nationwide Deconfliction System operated by DEA, conducting interagency deconfliction and coordination, and is the second most prolific user among all federal agencies. CBP is also working with the Heroin and Fentanyl Working Group at the DEA Special Operations Division, alongside ICE-HSI, and at the El Paso Intelligence Center to link drug seizures to international and domestic distribution networks.

Conclusion

There is no single entity or single solution that can stop the flow of dangerous illicit drugs into the United States or keep them from harming the American public. Tackling this complex threat involves a united, comprehensive strategy and an aggressive approach by multiple entities across all levels of government. With continued support from Congress, CBP, in coordination with our partners, will continue to refine and further enhance the effectiveness of our detection and interdiction capabilities to combat transnational threats and the entry of dangerous illicit drugs into the United States.

CBP will continue to work with our government and private-sector partners to improve the efficiency of information sharing and operational coordination to address the challenges and threats posed by illicit narcotic smuggling in the international mail environment. CBP, and specifically OFO, will also continue to work with USPS and USPIS to improve interdiction in the mail environment through improved advanced data, and other security best practices at the Nation's IMFs.

Chairman Meadows, Ranking Member Connolly, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today. I look forward to your questions.

Mr. HICE. Thank you very much.

Ms. Rectanus, you are recognized for five minutes.

STATEMENT OF LORI RECTANUS

Ms. RECTANUS. Thank you. Good afternoon, Chairman Hice, Ranking Member Connolly, and members of the subcommittee. Thank you for the invitation to be here to discuss our report that is being released today. That report discussed the efforts that CBP and the Postal Service were taking to use electronic advanced data to enhance the security of international inbound mail. CBP and the Postal Service deserve credit for their efforts in this area, but we found they lacked the information to know whether their efforts are fully achieving the intended purposes.

For the last few years at the New York International Service Center, CBP and the Postal Service have been testing the effectiveness of targeting items based on electronic advanced data. Through these pilots, CBP uses the data to identify about 15 pieces of mail each day that the Postal Service is supposed to set aside for inspection. Presenting these mail pieces has proved challenging primarily because the volume of mail received, how the items are shipped, and in some cases the accuracy of the data provided.

The ISC receives thousands of large sacks of mail every day, and each sack could contain hundreds of pieces of mail. Employees must often manually sort through these sacks to find the individual items. Such a time- and labor-intensive understandably can miss things. Since the pilots began through the end of 2016, the Postal Service was able to provide between 58 and 82 percent of the requested items. Recently, the Postal Service has begun testing software and hardware to better locate requested items.

Whether the pilots are meeting their goals, however, is unknown because the agencies have not developed metrics for what success looks like and what might be feasible. Such analysis is particularly critical given the pilots expansion, which will not only include additional locations but will involve greater volumes of mail and associated resources.

On a broader scale, there remain unanswered questions about whether the benefits of using electronic advanced data for targeting outweigh the costs or the challenges associated with getting the data.

Regarding benefits, officials report that using electronic advanced data could increase efficiency, that is, allow CBP to reduce the volume of mail to be inspected while achieving the same or better seizure rates. However, while CBP has collected data on seizure rates for the pilots, it doesn't have seizure rates for other targeting methods, so we don't know how targeting based on electronic advanced data compares to other targeting methods.

Regarding costs, neither agency has fully assessed what this effort has or could cost. The Postal Service reported that it spent about \$3 million on hardware and software upgrades and additional personnel to identify the small amount of targeted mail in the pilots. However, we don't know what additional costs might be borne by designated postal operators to collect or provide the information or what cost the Postal Service could incur when collecting data from these foreign operators. Moreover, the Postal Service has

not estimated what expansion might cost. Given the Postal Service's financial condition, it would be good to have a better understanding of these costs before proceeding and determining the best way to move forward.

A considerable challenge that needs to be addressed is that the Postal Service cannot mandate the provision of this data or guarantee its accuracy. We do recognize that in the last few years the Postal Service has worked to increase the amount of electronic advanced data, but it is still limited, and its accuracy is unknown. If the amount or quality of the data is limited, this could also impact the effectiveness targeting.

In conclusion, the rapid growth in international commerce requires a thoughtful, well-reasoned approach that provides assurance not only of efficient resource use but also of enhanced mail security. Both CBP and the Postal Service agreed with our recommendations to assess the pilots' performance and evaluate the costs and benefits of using electronic advanced data. We look forward to working with them in their efforts.

Chairman Hice and Ranking Member Connolly and members of the subcommittee, this concludes my statement. I would be pleased to answer any questions.

[Prepared statement of Ms. Rectanus follows:]



United States Government Accountability Office

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INTERNATIONAL MAIL SECURITY

CBP and USPS Should Assess Costs and Benefits of Using Electronic Advance Data

Statement of Lori Rectanus, Director, Physical
Infrastructure Issues

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

Thank you for the opportunity to discuss our August 2017 report on international mail security, which we are publicly releasing today.¹ The expanding international use of e-commerce and the ease and expediency of cross-border transactions have resulted in a much higher volume of global trade, as consumers may be importing goods when they make purchases over the Internet. This expansion could increase the potential for threats to national security, in addition to public health and safety, because international mail and express cargo can be used to send illegal or otherwise prohibited items to the United States. For example, there has been a recent increase in deaths in the United States related to the synthetic opioid fentanyl, a controlled substance, which could arrive in the United States in international mail or express cargo.²

The U.S. Postal Service (USPS) and express consignment operators—such as FedEx, DHL, and the United Parcel Service (UPS)—play key roles handling inbound international items.³ U.S. Customs and Border Protection (CBP), within the Department of Homeland Security, also has a critical role as the primary federal agency tasked with targeting and inspecting suspicious inbound international items and seizing illegal goods entering the country. Some members of Congress and others have called for additional security efforts related to inbound international mail, such as increasing the collection of electronic advance data (EAD) that may provide CBP with information to better focus its targeting and

¹GAO, *International Mail Security: Costs and Benefits of Using Electronic Data to Screen Mail Need to Be Assessed*, GAO-17-606 (Washington, D.C.: Aug. 2, 2017).

²In general, under federal statute, controlled substances may only be imported into the United States for medical and scientific purposes or other legitimate needs of the United States. In addition, federal statute and Drug Enforcement Administration (DEA) regulations prohibit any person or entity from importing any controlled substance into the United States unless that person or entity is registered with DEA and specifically authorized by DEA to import the controlled substance.

³Express consignment operators are, in general, defined as those entities moving cargo by special express commercial service under closely integrated administrative control with reliable, timely, door-to-door delivery. Under the Trade Act of 2002, as amended, and implementing regulations, all cargo, including express cargo but not including inbound international mail, is subject to requirements for electronic advance data (EAD). For the purposes of this statement, the term inbound international items will refer to those items handled by USPS and express consignment operators, but does not include non-express cargo shipped to the United States.

inspection efforts. These data include the sender's name and address, recipient's name and address, contents' description, number of pieces, and total weight.

My remarks today are based on our report, which addressed (1) types of items CBP has seized from mail and express cargo sent to the United States; (2) how inbound international items are inspected as they arrive in the United States; and (3) options to collect EAD for mail and the costs and benefits of using these data to target mail for inspection. For the purposes of this statement, I will focus primarily on our findings related to USPS's and CBP's efforts to obtain and use EAD to target mail for inspection. Specific details that are related to the screening process and foreign postal operators and that CBP and USPS considered sensitive are not included in our report or this statement.

For our report, we reviewed and analyzed data on seizures of mail and express cargo items as documented in CBP's Seized Asset and Case Tracking System (SEACATS). We reviewed applicable laws and regulations; USPS and CBP guidance; USPS Office of Inspector General's reports; international mail agreements, including requirements set by the Universal Postal Union (UPU)⁴ and agreements for EAD with foreign postal operators; and proposed federal legislation. We interviewed officials from USPS, the Department of State, CBP, and the Transportation Security Administration (TSA) and representatives from the three largest express consignment operators (based on CBP cargo volume data for fiscal year 2015): UPS, FedEx, and DHL.

We reviewed available information related to pilot programs conducted by USPS and CBP using EAD to target mail for inspection for the period from July 2014 through January 2017 (the time period for which data were available). We compared available documentation on the goals and performance of the pilots to federal internal control standards related to defining program goals.⁵ We did not assess the effectiveness of CBP's screening efforts for inbound international express cargo or mail because that was outside the scope of our review. To assess USPS's and CBP's efforts to collect and implement EAD, we compared these efforts to GAO

⁴The international movement of mail amongst member countries is governed under the Universal Postal Convention by the UPU, a United Nations specialized agency with over 190 UPU member countries.

⁵GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

guidance on program evaluation.⁶ Further details on our scope and methodology are included in our report. The work on which this statement is based was conducted in accordance with generally accepted government auditing standards.

In summary, we found that CBP seizes a variety of inbound items, including drugs and merchandise, through inspections of express cargo and mail as it arrives in the United States. However, CBP and USPS have not established measureable goals for pilot programs to use EAD for targeting mail for inspection, nor have they identified the potential costs and benefits of using EAD. Given the challenges associated with collecting and using EAD, CBP should, in coordination with USPS, establish measureable goals for pilot programs and evaluate the costs and benefits of using EAD to target mail for inspection compared with other targeting methods. CBP and USPS agreed with these recommendations and CBP plans to implement them by February 28, 2018.

CBP Seizes a Variety of Inbound Items That May Pose Threats to U.S. Safety and Security

In our report, we found that, according to data from CBP's Seized Asset and Case Tracking System (SEACATS), during fiscal years 2012 through 2016 CBP conducted about 308,000 seizures of inbound international items that may pose a threat to U.S. security, health and safety, business, and ecology. Of those, CBP seized about 70 percent from mail and 30 percent from express cargo.⁷ Seized items are categorized in SEACATS as either drugs or merchandise. Among the approximately 308,000 seizures, illegal or inadmissible drugs accounted for about 47 percent of total seizures and merchandise accounted for about 53 percent.

According to testimony by a U.S. Immigration and Customs Enforcement official, a recent increase in deaths related to the synthetic opioid fentanyl has resulted in an increased focus on identifying methods by which

⁶GAO, *Designing Evaluations: 2012 Revision*, GAO-12-208G (Washington, D.C.: January 2012).

⁷This does not necessarily indicate a higher rate of seizures from mail compared to express cargo, as seizure rates may be affected by differences in inbound volume among mail and express cargo, as well as differences in CBP inspection processes for each, as discussed in our report.

traffickers bring fentanyl into the United States.⁸ In fiscal years 2012 through 2015, CBP's seizure data reflect zero seizures of fentanyl, but according to CBP, fentanyl seizures would have been captured under other categories in SEACATS. According to CBP, a specific category code for fentanyl was added to SEACATS in fiscal year 2016. SEACATS reflects 53 seizures of fentanyl in fiscal year 2016 via both mail and express cargo.

USPS's and CBP's Pilot Programs Lack Performance Targets

As mail and express cargo arrive in the United States, both USPS and express consignment operators provide items to CBP for inspection. Express consignment operators accept items for delivery to the United States at points of sale in foreign countries and provide EAD to CBP prior to the items' scheduled arrival in the United States. CBP then analyzes the EAD and provides lists of targeted items to express consignment operators. However, unlike express consignment operators, USPS is not currently required to provide CBP with EAD for inbound international mail and does not have control over mail prior to its arrival in the United States. Thus, USPS relies on foreign postal operators to collect and provide EAD voluntarily or by mutual agreement. According to USPS data, USPS received EAD for about one third of all inbound international mail (excluding letters, flats, and military/diplomatic mail) for the period from April 2016 through March 2017. For the month of March 2017 (the most recent data available at the time of our review), USPS data indicate that EAD was available for roughly half of all inbound international mail (excluding letters, flats, and military/diplomatic mail).⁹

In 2014 and 2015, USPS and CBP initiated two pilot programs at the New York International Service Center (ISC) to target certain mail for inspection using some of the EAD obtained under data-sharing agreements with foreign postal operators. At the time of our review, CBP did not use EAD to target mail for inspection outside of these pilots. According to USPS documents, the goal of these pilots is to test the

⁸Matthew C. Allen, Assistant Director of Homeland Security Investigative Programs, Homeland Security Investigations, U.S. Immigration and Customs Enforcement, Department of Homeland Security, *Fentanyl: The Next Wave of the Opioid Crisis*, testimony before the U.S. House of Representatives Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, 115th Cong., 1st Sess., March 21, 2017.

⁹USPS told us in August 2017 that it had recently updated its methodology for calculating the percentage of mail for which EAD is available.

effectiveness of placing holds on mail that has been targeted by CBP based on EAD. Under the pilots, CBP uses EAD to target a small number of pieces of mail each day. According to USPS officials, when USPS employees scan either individual targeted pieces or larger sacks containing this targeted mail, they are alerted that CBP has targeted the item and set the item or sack aside for inspection. Since the pilots began, USPS has made efforts to locate and provide CBP with the targeted mail and CBP has collected performance data on the percentage of targeted mail USPS has provided for inspection: about 82 percent for one pilot, and about 58 percent for the other.

In our report we note that, according to USPS and CBP, USPS has been unable to provide some targeted mail for inspection because locating targeted mail once it arrives at an ISC has been a challenge. Specifically, USPS ISCs may receive thousands of large sacks of mail per day that are scanned as they are accepted. Each sack may contain hundreds of pieces of mail that are not individually scanned upon arrival. As a result, locating a targeted item requires manually sorting through the entire sack, and USPS employees may overlook the item while sorting through the larger sack to locate targeted mail. According to USPS officials, at the time of our review they were testing an automated method to identify targeted mail within these larger sacks.

Standards for internal control in the federal government state that defining program goals in specific and measurable terms allows for the assessment of performance toward achieving objectives.¹⁰ However, while USPS and CBP have collected some performance information for these pilots (including the percentage of targeted mail provided for inspection), this information is not linked to a specific performance target agreed upon by USPS and CBP—such as a specific percentage of targeted mail provided to CBP for inspection. Further, the agencies have not conducted an analysis to determine if the pilot programs are achieving desired outcomes.

In our report, we concluded that, because CBP and USPS lack clear performance goals for these pilots, they risk spending additional time and resources expanding them prior to fully assessing the pilots' success or failure. As such, we recommended that CBP, in conjunction with USPS, (1) establish measureable performance goals for pilot programs and (2)

¹⁰GAO-14-704G.

assess the performance of the pilots in achieving these goals. The Department of Homeland Security concurred with this recommendation and plans to implement it by February 28, 2018.

USPS and CBP Have Not Evaluated Relative Costs and Benefits of Increased Use of Electronic Advance Data

In our report we found that the costs and benefits of using EAD to target mail for inspection are unclear. For example, according to USPS and CBP officials, increasing the use of EAD to target mail for inspection may have benefits, such as reducing the volume of inspected mail and increasing the percentage of inspections that result in identification of a threatening or illegal item. This potential outcome could decrease time and resources needed for the screening process—potentially decreasing costs—and may increase the security of inbound mail. However, the costs of collecting and implementing the use of EAD are not yet known, and neither USPS nor CBP currently collect the data necessary to know whether using EAD might increase the security of inbound mail or decrease the time and costs associated with screening.

Specifically, regarding the costs of collecting EAD, USPS has not calculated the current costs of collecting EAD from countries with which it has data-sharing agreements, but officials stated that USPS does not incur significant additional costs for each new designated postal operator or type of mail for which it begins collecting EAD.¹¹ While some of the costs of obtaining EAD may be borne by designated postal operators in other countries, rather than directly by USPS, costs to USPS to use EAD to target mail for inspection may include:

- equipment and personnel required to identify targeted mail (such as equipment required to sort through hundreds of pieces of mail to identify a single piece of mail), and
- software upgrades required to exchange data with foreign postal operators and with CBP.

In our report we found that an analysis of the costs associated with planned efforts is particularly critical given USPS's financial challenges.¹²

¹¹Designated postal operators are postal operators that have been designated by UPU member countries to provide universal postal service.

¹²USPS has been on GAO's High Risk List based on USPS's deteriorating financial condition since July 2009. GAO, *High Risk: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others; Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability*, GAO-17-317 (Washington, D.C.: Feb. 15, 2017).

As we recently found, USPS reported a net loss of \$5.6 billion in fiscal year 2016—its 10th consecutive year of net losses. In light of this situation, any expenditure of financial resources to make any additional infrastructure and information technology upgrades necessary to implement the use of EAD for targeting merit careful consideration.

Beyond costs, in our report we also determined that USPS and CBP have not performed an analysis of the benefits of using EAD to target mail for inspection, including the effectiveness of targeted inspection based on EAD relative to other methods of selecting mail for inspection.¹³ Thus, the extent to which targeting based on EAD might result in an increased ability to identify threats or other benefits over current methods is unknown. For example, CBP has collected data on the percentage of inspections resulting in a seizure for mail inspected as a result of targeting in the pilot programs at the New York ISC. However, CBP does not collect comparable data for seizures resulting from inspections conducted based on current methods of choosing mail for inspection.

Moreover, USPS and CBP experience challenges related to inspecting mail that may limit their ability to effectively use EAD to target mail for screening and, thus, to experience EAD's possible benefits. For example, USPS depends on foreign postal operators to make EAD available. According to USPS and State Department officials, however, those operators may not share the same security priorities as USPS and CBP and may not make EAD available. If the amount of available EAD remains limited for inbound mail, this may reduce the effectiveness of CBP's targeting efforts or could constrain CBP's ability to reduce the volume of mail it inspects.

Our prior work has found that in designing preventive measures—such as the screening of inbound mail to identify potential threats—it is helpful to conduct a thorough assessment of vulnerabilities as well as cost-benefit analyses of alternative strategies.¹⁴ In the absence of information on the relative costs of various methods of selecting mail for inspection as well as their effectiveness at identifying potential threats in inbound mail, USPS and CBP are unable to fully understand whether obtaining

¹³Specific details regarding methods for selecting mail for inspection that CBP considered sensitive are not included in this statement.

¹⁴GAO-12-208G.

additional EAD for targeting purposes will provide security or resource benefits.

In our report, we therefore concluded that, particularly in light of the challenges that collecting and using these data present, it is important that CBP and USPS carefully consider actions to enhance inbound international mail security to avoid wasting time and money on potentially ineffective and costly endeavors. As such, we recommended that CBP, in conjunction with USPS, evaluate the relative costs and benefits of collecting EAD for targeting mail for inspection in comparison to other methods. The Department of Homeland Security concurred with this recommendation and plans to implement it by February 28, 2018.

In conclusion, existing pilots could be used as an opportunity for CBP and USPS to: (1) articulate performance goals for the pilots, (2) collect data and assess the pilots on their success in enabling USPS to provide targeted mail to CBP for inspection, and (3) assess the costs and benefits of various methods of choosing mail for inspection. We are encouraged that USPS and the Department of Homeland Security agreed with our findings and recommendations. Effective implementation of our recommendations should help CBP and USPS ensure that efforts to collect and use EAD to target mail for inspection achieve the desired security and resource benefits.

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgements

If you or your staff have any questions about this testimony, please contact Lori Rectanus, Director, Physical Infrastructure Issues at (202) 512-2834 or rectanusi@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Derrick Collins and Katie Hamer. Other staff who made contributions to the report cited in this testimony are identified in the source product.

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Please Print on Recycled Paper.

Mr. HICE. Thank you very much.

Ms. Whitcomb, you are recognized for five minutes.

STATEMENT OF TAMMY WHITCOMB

Ms. WHITCOMB. Thank you. Good afternoon, Chairman Hice, Ranking Member Connolly, and members of the subcommittee.

The explosion of global e-commerce has led to rapid growth in inbound international mail parcels. Unfortunately, illicit drugs can hide within this traffic. There is a need for more effective ways to monitor inbound mail and find high-risk shipments. We believe data analytics can contribute to a solution.

The Postal Service has been working with international postal operators to increase the amount of advanced electronic data it receives on parcels inbound to the United States. This data includes information on the sender, addressee, and contents of the mail piece. The Postal Service and U.S. Customs and Border Protection are currently conducting a pilot using this data, which allows CBP to target parcels more effectively for inspection.

Last May, I testified before the Senate regarding the pilot and our work in this area. During that hearing, concerns were raised about the safety of postal employees who might be exposed to parcels containing dangerous opioids. In July, our office started to examine whether we could use advanced electronic data to determine the risks to postal employees from opioid parcels.

Coincidentally, at the same time, we joined a narcotics trafficking investigation that appeared to involve a Postal Service employee. The case was initiated because CBP had seized a parcel containing the opioid fentanyl from an international shipper to a U.S. address. The investigation remains ongoing. However, this is the first investigation where we suspect that a Postal Service employee facilitated the illegal distribution of fentanyl.

Using evidence from this investigation, we searched the advanced electronic data for more parcels sent from the same international address. We found more than 450 additional parcels sent between February and June of this year. The parcels were destined for locations nationwide, and other indicators suggested that many were suspicious.

We took the analysis a step further to see whether the U.S. addresses that received these suspect parcels received other international parcels, and we identified an additional international shipper that sent parcels to some of the same addresses. When we searched the data for the second shipper, we found more than 2,400 additional parcels shipped between February and June of 2017.

When we asked CBP, they confirmed they had seized a parcel containing fentanyl from this second shipper earlier this year. It appeared to us that the second shipper likely shared some customers with the first shipper, and in fact, one U.S. recipient received a total of 23 parcels from the two shippers. Using data analytics, we were able to turn shipping data from one fentanyl parcel into information about two suspect shippers and more than 2,800 suspicious parcels.

While our analysis is still ongoing and providing new insights daily, a number of opportunities are already clear. Analyzing ad-

vanced electronic data, in combination with other postal databases, could shine a spotlight on international drug trafficking through the mail and facilitate prevention efforts in the originating countries.

Additionally, in many instances, parcels from suspect shippers can be identified while they are still in transit between countries, which should help ensure that they are seized at our border. And for those parcels that may get into the domestic mail stream, analytics will help law enforcement track down the individuals who are trafficking or receiving these dangerous opioids.

All of these opportunities require resources and strong collaboration between Federal agencies. We have already met with representatives from CBP, the Drug Enforcement Administration, the Department of Homeland Security Office of Inspector General, the Postal Inspection Service, and the Postal Service to share these discoveries and to discuss how to work together in the future using analytics.

We believe this type of analysis is an exciting breakthrough for investigating trafficking through the mail, but there are a number of challenges ahead. First, more resources are needed to capitalize on these techniques, including more data experts and tools to generate leads and more assistance from law enforcement to follow them up.

Second, although the amount of advanced electronic data is growing, it is still not yet available for all inbound parcels.

Third, legal barriers to opening parcels may hinder investigations given the volume of suspect parcels.

Finally, and most importantly, the successful use of analytics requires moving beyond traditional case-by-case, parcel-by-parcel investigative practices and instituting a high-level strategic collaborative approach to stop drug trafficking through the mail. If these challenges can be solved, data analytics promises to help government and law enforcement focus on the areas of greatest impact in order to prevent these dangerous opioids from entering our country in the future.

Thank you for the opportunity to testify, and I'm happy to answer any questions.

[Prepared statement of Ms. Whitcomb follows:]

**Hearing before the Subcommittee on Government Operations
Committee on Oversight and Government Reform
United States House of Representatives**



Oral Statement

Examining the Shipment of Illicit Drugs in International Mail

September 7, 2017

**Tammy Whitcomb
Acting Inspector General
United States Postal Service**

Good afternoon, Chairman Meadows, Ranking Member Connolly, and members of the subcommittee. Thank you for inviting me to discuss our work using data analytics to uncover drug trafficking in international mail.

The explosion of global ecommerce has led to rapid growth in inbound international mail parcels. Unfortunately, illicit drugs can hide within this traffic. There is a need for more effective ways to monitor inbound mail and find high-risk shipments. We believe data analytics can contribute to a solution.

The Postal Service has been working with international postal organizations to increase the amount of advance electronic data it receives on parcels inbound to the United States. This data includes information on the sender, addressee, and contents of the mail piece. The Postal Service and U.S. Customs and Border Protection (CBP) are currently conducting a pilot using this data, which allows CBP to target parcels more effectively for inspection. Last May, I testified before the Senate regarding the pilot and our work in this area. During that hearing, concerns were raised about the safety of postal employees who might be exposed to parcels containing dangerous opioids.

In July, our office started to examine whether we could use advance electronic data to determine the risks to postal employees from opioid parcels. Coincidentally, at the same time, we joined a narcotics trafficking investigation that appeared to involve a Postal Service employee. The case was initiated because CBP had seized a parcel containing the opioid fentanyl from an international shipper to a U.S. address.

The investigation remains ongoing. However, this is the first investigation where we suspect that a Postal Service employee facilitated the illegal distribution of fentanyl.

Using evidence from this investigation, we searched the advance electronic data for more parcels sent from the same international address. We found more than 450 additional parcels sent between February and June of this year. The parcels were destined for locations nationwide, and other indicators suggested that many were suspicious.

We took the analysis a step further to see whether the U.S. addresses that received these suspect parcels received other international parcels, and we identified an additional international shipper that sent parcels to some of the same addresses. When we searched the data for this second shipper, we found more than 2,400 additional parcels shipped between February and June of 2017.

When we asked CBP, they confirmed they had seized a parcel containing fentanyl from the second shipper earlier this year. It appeared to us that this second shipper likely shared some customers with the first shipper, and in fact, one U.S. recipient received a total of 23 parcels from the two shippers. Using data analytics, we were able to turn shipping data from one fentanyl parcel into information about two suspect shippers and more than 2,800 suspicious parcels.

While our analysis is still ongoing and providing new insights daily, a number of opportunities are already clear. Analyzing advance electronic data in combination with other postal databases could shine a spotlight on international drug trafficking through the mail and facilitate prevention efforts in the originating countries. Additionally, in many instances, parcels from suspect shippers can be identified while they are still in transit between countries, which should help ensure they are seized at our border. And for those parcels that make it into the domestic mail stream, analytics will help law enforcement track down the individuals who are trafficking or receiving these dangerous opioids. All of these opportunities require resources and strong collaboration between federal agencies.

We have already met with representatives from CBP, the Drug Enforcement Administration, the Department of Homeland Security Office of Inspector General, the Postal Inspection Service, and the Postal Service to share these discoveries and to discuss how to work together in the future using analytics.

We believe this type of analysis is an exciting breakthrough for investigating trafficking through the mail, but there are a number of challenges ahead:

- First, more resources are needed to capitalize on these techniques, including more data experts and tools to generate leads and more assistance from law enforcement to follow them up.
- Second, although the amount of advance electronic data is growing, it is not yet available for all inbound parcels.
- Third, legal barriers to opening parcels may hinder investigations given the volume of suspect parcels.
- Finally, and most importantly, the successful use of analytics requires moving beyond traditional case-by-case, parcel-by-parcel investigative practices and instituting a high-level strategic, collaborative approach to stop drug trafficking through the mail.

If these challenges can be solved, data analytics promises to help government and law enforcement focus on the areas of greatest impact in order to prevent these dangerous opioids from entering our country in the future.

Thank you for the opportunity to discuss our work. I am happy to answer any questions.

Mr. HICE. Thank you very much, and we will now begin our time for members to ask questions. And I will begin by recognizing myself for five minutes.

Ms. Whitcomb, how many pieces of inbound international mail did the Postal Service receive last year?

Ms. WHITCOMB. I believe the number is about 275 million parcels received via inbound international mail.

Mr. HICE. Do you have any tracking information as to which countries those come from?

Ms. WHITCOMB. I think the Postal Service does. I don't know if Mr. Cottrell may have some better information on that. I don't personally have that with me today.

Mr. HICE. Okay. Mr. Cottrell, do you keep track of where those come from?

Mr. COTTRELL. The Postal Service does, sir. That's not my arena, but we certainly can provide that information for you afterwards.

Mr. HICE. Would they also keep track of any increase of mail coming from a country?

Mr. COTTRELL. Yes.

Mr. HICE. All right. So, over the last five years if an increase is coming, say, from China, we would know about that? Okay.

Mr. OWEN. Yes, sir. If I could just add that, yes, the vast majority of the 275 million parcels that came in last year are coming from China, and that number continues to increase with e-commerce.

Mr. HICE. Okay. Now, unlike—and I will go back, Ms. Whitcomb, to you here. Unlike the Postal Service competitors, the Postal Service, post office is not required to provide the electronic advanced data to CBP for targeting purposes. Now, my question is does this mean—how is this inbound mail sorted? Does it have to be done by hand?

Ms. WHITCOMB. How is it sorted?

Mr. HICE. Well, yes. When you are looking for a potential target

Ms. WHITCOMB. Right.

Mr. HICE.—how is that done?

Ms. WHITCOMB. I believe that the Postal Service, as Ms. Rectanus mentioned, has to look through parcels and sacks and things like that when CBP requests a specific parcel to review. And then the Postal Service has to locate that parcel and then provide it to CBP.

Mr. HICE. But that has to be done by hand?

Ms. WHITCOMB. I believe so. Is that correct?

Mr. OWEN. Yes, sir, if I may, yes, it is a very manual process. When all the international mail is received, the big sacks first come through all the radiation detection equipment, so that is the first step. After there are no radioactive materials in any of the parcels, then we work to identify those sacks in the mail that we want to see, and then those are brought to us. We then send them through the x-ray systems, we send them through the canines, we manually open them, so without advanced data to target ahead of time, it is a very manual, very labor-intensive process.

Mr. HICE. So that is a daunting task.

Mr. OWEN. Yes, sir, it is.

Mr. HICE. Is there any way that you can possibly under that scenario keep up with the requirement?

Mr. OWEN. The volumes are very challenging. We of course prioritize the incoming mail based on threat, and we devote our resources to those that represent the greatest threat, but the volume is overwhelming, yes, sir.

Mr. HICE. Okay. So you are not able to keep up with what is required from CBP? I don't see any way.

Mr. OWEN. But if —

Mr. HICE. What percentage are you behind?

Mr. OWEN. Oh, I don't think we have a number as to how much we look at because of the different layers that we have, so there is, again, advanced targeting when the data is available. Those shipments will be placed on hold and physically presented to us. And then again, we basically take sacks coming from a particular country of interest and start running all of those packages through x-rays, through the canines. We physically open them, so it is—again, it's a very manual process to keep up with the flows each day.

Mr. HICE. All right. So you can't consistently present all the mail to CBP as required, correct?

Mr. OWEN. No.

Mr. HICE. All right. So is there a memorandum of understanding of what is supposed to occur? Mr. Cottrell, this is probably best for you.

Mr. COTTRELL. Yes, Mr. Chairman. I do have my operations man Robert Raines. He can explain some of the inroads we've made in automating some of these processes to try to make it a little more manageable for customs.

Mr. HICE. Okay.

Mr. RAINES. Yes, sir, so we've actually developed —

Mr. CONNOLLY. Mr. Chairman, Mr. Chairman?

Mr. HICE. Yes.

Mr. CONNOLLY. Just one second. I have no objection at all to the testimony of the gentleman. I just would remind you he is not sworn in.

Mr. HICE. He was —

Mr. COTTRELL. He was sworn.

Mr. HICE. You were sworn in, yes.

Mr. CONNOLLY. You were?

Mr. RAINES. Yes.

Mr. HICE. He was recognized before —

Mr. CONNOLLY. Before I got in? Okay. Thank you.

Mr. HICE.—and was sworn in. Yes.

Mr. CONNOLLY. Excuse me.

Mr. HICE. Thank you.

Mr. RAINES. Since May, we've developed technology to scan most of these parcels in large sacks, and we automatically run them on automation equipment to sort them for CBP, and they—we provide them with the single package they're looking for.

Mr. HICE. Okay. So is there a memorandum of understanding that has been signed or will it be signed?

Mr. RAINES. Yes, sir. It was signed.

Mr. HICE. Okay. Can you provide a copy of that to this committee? All right.

Real quickly, let me go back to Mr. Cottrell here. I want to go back to where I was getting to a little earlier in terms of keeping track of countries and increased mail or whatever, packages coming from China. What percentage would you have any idea of incoming international mail comes from China?

Mr. COTTRELL. I'm going to deflect that to Mr. Raines, too.

Mr. RAINES. It's—a significant portion of mail does come from China.

Mr. HICE. Like what does that mean, 10 percent, 20 percent, just a guess?

Mr. RAINES. No, it's larger than 20 percent.

Mr. HICE. Has that number increased over the last five years?

Mr. RAINES. Yes.

Mr. HICE. How much so?

Mr. RAINES. It increases double digits every year.

Mr. HICE. Okay. Are there any other countries where we are seeing increased —

Mr. RAINES. We see increases from other countries, not as significant as China.

Mr. HICE. Okay. So there is something that would potentially raise a red flag, what is going on, why are we receiving more from China or is that standard?

Mr. RAINES. I think it's a—there are a lot of low-value items that get shipped from China, so we see, from an e-commerce perspective, that that's a growing industry.

Mr. HICE. Okay. My time is expired. I will recognize the ranking member, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I must say to the gentleman, I am very impressed with what you just said about China. I knew it was big; I didn't know it was that big. That is pretty impressive.

Is it not true that at most of the fentanyl coming into the United States is coming from China?

Mr. OWEN. Yes, sir. I could take that. The fentanyl that's coming into the United States has two pathways. There is the products that are coming from China that typically arrive through the international mail and the express courier facilities, and then there is the fentanyl that's coming from Mexico that of course enters the Southwest border.

Mr. CONNOLLY. And what would be the ratio would you say, China versus Mexico as a source?

Mr. OWEN. I'm not sure we have a ratio. The purity of what is coming out of China is much, much more significant than the —

Mr. CONNOLLY. Right.

Mr. OWEN.—purity of what is coming out of Mexico.

Mr. CONNOLLY. And more lethal?

Mr. OWEN. And more lethal, yes, sir.

Mr. CONNOLLY. Yes. Okay. Thank you. While I got you, Mr. Owen, the statutory responsibility and authority of CBP with respect to interdiction of anything coming into the United States is contained in section 211 of title 6 of the U.S. code, is that correct?

Mr. OWEN. I assume so sir, yes. I'm not sure the code, but we do have the border search authority for everything that comes in and leaves the United States, yes, sir.

Mr. CONNOLLY. Right. It is not the Postal Service's responsibility; it is yours?

Mr. OWEN. It's our responsibility, yes, sir.

Mr. CONNOLLY. That is right. So help us understand how it works. When does the handoff go? How does that work? Once you have done whatever you do, when does it become the Postal Service's responsibility?

Mr. OWEN. Once we clear the parcels, then it turns—becomes domestic and it's turned over to the Postal Service, as with all cargo. So all cargo, including the mail and parcels arrive from foreign, they're presented to CBP for inspection. After we inspect and release that cargo, it then gets turned over to the carrier, in this case the Postal Service, to take it from there.

Mr. CONNOLLY. And to understand how we do it right now, we have got five centers that receive mail from overseas?

Mr. OWEN. We actually have nine international mail facilities.

Mr. CONNOLLY. Nine.

Mr. OWEN. We call them something different, but yes —

Mr. CONNOLLY. Okay.

Mr. OWEN.—there's nine facilities.

Mr. CONNOLLY. And the volume is roughly about a million a day?

Mr. OWEN. About a million a day —

Mr. CONNOLLY. A million a day. That is —

Mr. OWEN.—between mail and express.

Mr. CONNOLLY. Right.

Mr. OWEN. Yes.

Mr. CONNOLLY. Packages is a subset but a big part of the subset, as Ms. Whitcomb points out.

Mr. OWEN. Well, the mail in the Postal Service and the express in the express courier facilities, the DHL, FedEx, UPS.

Mr. CONNOLLY. All right. So you got these nine centers, but you're not laboriously looking at every single piece at every single center, right?

Mr. OWEN. No.

Mr. CONNOLLY. Right.

Mr. OWEN. No, we are not.

Mr. CONNOLLY. How does it work?

Mr. OWEN. The way it works is, again, we perform a risk assessment based on what's coming in, so if we have advanced data, that data is run through our automated targeting system, and it will bounce against different criteria that we have as to help us identify those packages that are higher risk. If those are high risk, we place them on hold, and whether it's the Postal Service or the express consignment company and that environment would present those packages to us.

Outside of the advanced data, the cargo from the mail that does not currently have the data, again, it's a manual process that is screened for radiation, put on x-ray conveyor belts. We open things. The canines will run it, that manual process.

Mr. CONNOLLY. Right. Now, and I am not making a judgment. Based on what we've heard in the testimony, Ms. Whitcomb comes

along and says we got this new technique, analytics, that actually is more efficient than the current system and gives us a higher rate of probability of catching fentanyl, which, after all, we all want done. Is that correct, Ms. Whitcomb? Have I characterized part of what the conclusion of your testimony would be?

Ms. WHITCOMB. I would conclude that we believe that the analytics that we did identified some —

Mr. CONNOLLY. Right.

Ms. WHITCOMB.—additional process.

Mr. CONNOLLY. But that's a technique not being used by CBP across —

Ms. WHITCOMB. I'd—we are not the OIG that does oversight for CBP, so I'm not sure exactly how they do their —

Mr. CONNOLLY. Mr. Owen?

Mr. OWEN. Yes, we do that type of targeting, that type of post-seizure analysis out at our national targeting center out near Dulles Airport. We will take the variables from one specific seizure and make connections to identify other high-risk shipments and then take those appropriate actions.

Mr. CONNOLLY. Right.

Mr. OWEN. So whether we call it data analytics or post-seizure analysis —

Mr. CONNOLLY. Right.

Mr. OWEN.—it's work that we've been doing for some time within U.S. Customs and Border Protection —

Mr. CONNOLLY. All right. But Ms. Whitcomb has testified that they did something you didn't catch.

Mr. OWEN. Based on the seizure that they worked, their review did that, yes.

Mr. CONNOLLY. Right. And, I mean, it was fairly impressive data if it at all—again, I'm not trying to say yours is—I'm trying to say, can we improve our detection? And it sounds like what Ms. Whitcomb described, we are on to something. We can make ourselves more efficient and make it may be less labor-intensive, while having a better payoff in catching the fentanyl coming into the country. Would you agree with that?

Mr. OWEN. I would agree that based on post-seizure work, making connections can help us be more effective, and that is work that we are currently doing out at the national targeting center, that we been doing for many, many years. We'd welcome a visit from you, sir, or from any of the members here so we can really get into the weeds and show you the great analytical work, the counter-network work that we're doing out there.

Mr. CONNOLLY. Where is this?

Mr. OWEN. It's out near Dulles Airport, sir —

Mr. CONNOLLY. Oh —

Mr. OWEN.—so you're back there —

Mr. CONNOLLY.—it would be a welcome thing to have CBP —

Mr. OWEN. Yes.

Mr. CONNOLLY.—meet with me a Dulles Airport. We are not going there. You are now testifying before Congress.

Mr. OWEN. Yes, sir.

Mr. CONNOLLY. We will go where we want to go.

Mr. OWEN. Yes, sir.

Mr. CONNOLLY. But I won't go there. Okay. I think my time is up.

[Laughter.]

Mr. CONNOLLY. And you are very lucky, Mr. Owen.

[Laughter.]

Mr. HICE. I thank the gentleman.

The gentleman from Iowa, Mr. Blum, is recognized for five minutes.

Mr. BLUM. Thank you, Mr. Chairman. And thank you to the panelists for being here today. I appreciate your insights.

Mr. OWEN, I believe you said—I wrote down here you said this is a very manual process. You also said the backlog continues to grow. How much of the process—I am from the private sector, so I am interested in this. How much of the process is manual today and how much is automated, whether through analytics, technology? What are the percentages today?

Mr. OWEN. Well, the percentages, if you look at last year's data—so we received 275 million parcels in the mail. We received another 98 million through the express courier facilities. The 98 million we currently receive the advanced information on, okay, so all of that is done through advanced targeting. We have the systems controls to present the shipments that we've identified as high risk to us.

Within the 275 million that we've been working with the Postal Service on where we had very little advanced data a year ago, we now have advanced data coming to us from 18 countries and in particular from China, which is helping us to reduce from that manual process to a more targeted process based on the presence of that advanced data that we can analyze, place holds on the shipment of concern.

Mr. BLUM. That is the analytics portion of this, correct?

Mr. OWEN. Yes. So the pendulum is definitely shifting from where we had a much more of a manual process before we received advanced data to less of a manual process as we receive data now from 18 countries and growing.

Mr. BLUM. Of the packages that are targeted, what percentage—does every single one of those require manual intervention?

Mr. OWEN. Basically, yes. Every one —

Mr. BLUM. Every single one does?

Mr. OWEN.—that is targeted has to be open and physically inspected to determine what's inside. The typical seizure that we see in these parcels in terms of fentanyl and opioids is a baggie of 200 to 500 grams of white powder, so we're talking very small seizures, less than half-a-pound, generally manifested as something lawful and legitimate, aspirin, or acetaminophen. We have to take the substances from those baggies, those white powders, do some field testing to first make an additional identification. Then, it needs to go to a more structured laboratory within CBP or the DEA to make that final determination as to what that white powder is. It can be a very time-consuming process for each one of these half-a-pound shipments that were we're seizing in the mail facilities.

Mr. BLUM. So we want to obviously intercede in these illicit drug shipments. What happens, though, when we do find illicit drugs? Are we going back to the country of origin? Are we trying to find

and prosecute the people? Or is there so much of this that that can't be done?

Mr. OWEN. When we will make the introductions, the first effort that we take is with our criminal investigators, with Homeland Security investigations, as well as with the postal inspectors. We will then try to process that seizure where we can result in an arrest of who was bringing that cargo into the country.

With that as well, we also take the specifics from the seizure and it goes into the analytical work that we've been speaking of with the IG here as—to help identify further targets down —

Mr. BLUM. You have this funnel of packages, and you winnow it down by using analytics?

Mr. OWEN. Yes.

Mr. BLUM. Okay, now, to that portion of the funnel, can we use technology so maybe every package doesn't need to be hand-opened?

Mr. OWEN. You know, that's —

Mr. BLUM. I mean, is that in the future or is that now that we could be doing that?

Mr. OWEN. That is the future. There—you know, the ideal end-state for us is to have a technology that can look inside the package without having to open it and identify if there's a synthetic item in there, a concern to that part. There are several manufacturers that are working on that type of technology, so if we can have that technology that is automatic that will give us an alert that we've got an issue of concern within this package, that will be really a game-changer in this space that we struggle with.

Mr. BLUM. And that is being developed currently?

Mr. OWEN. Yes, there are several manufacturers that are working towards that end with —

Mr. BLUM. That would be a game-changer, would it not?

Mr. OWEN. It would be a game-changer, yes, sir.

Mr. BLUM. Last question, and if you already answered it, I apologize. The only responsibility of the United States postal system is to turn over, correct, or to present international packages to CBP, correct? That has not been done to the extent it is supposed to per policy? Am I correct in that statement? I believe I am correct. I just want to know why.

Mr. THOME. That is not a policy, sir. It's our policy when CBP asks for packages for presentation, we present it to them. We've gotten much better, as we spoke before. When it was a manual process, we had a little more difficulty in finding the packages. But since we've automated that process, we've gotten much better at presenting CBP the items that they're asking for. And we continue to work and apply extra resources and automation to make that better.

Mr. BLUM. And I've got 13 seconds left, and I just want to say that the United States Postal Service and CBP, I think you both do amazing jobs. And I have toured many of the facilities, and hats off to you. Keep up the good work.

And I yield back the time I do not have.

Mr. HICE. I thank the gentleman.

The chair now recognizes the gentlewoman from D.C., Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman, and I thank you for this timely hearing.

I want to echo the words of my colleague about the work that the Postal Service is doing and the improvements you have made.

I am interested in the most effective way of capturing illegal substances. I am concerned that we use 21st-century technology. There was technology discussed I think by my colleague in his question as well. I am very bothered by the increase in overdose deaths from opioids. I mean, I saw the heroin epidemic, I saw the crack cocaine, and this notion of doubling deaths in a single year could not be more disturbing.

Commissioner Owen, has there not been an increase in the amount of fentanyl seized in inbound international mail?

Mr. OWEN. Yes, there has. We seized about 440 pounds last year, and we're over 800 pounds so far this fiscal year.

Ms. NORTON. So that is twice the seizures?

Mr. OWEN. Yes. Yes.

Ms. NORTON. And is that using technology?

Mr. OWEN. Part of that is record-keeping because before 2016 we did not have special categories for the fentanyl. Everything was considered an opioid, and the data would flow into the opioid category. Based on what we started to see in 2015 and '16, we broke out that. So we have better record-keeping, but —

Ms. NORTON. So you think it is record-keeping more than —

Mr. OWEN. No, I think we can better capture what we are seizing in terms of the fentanyl and the synthetics, but I agree that there is much more coming in now than there had been several years prior.

Ms. NORTON. Now, you have also seen amounts, I understand—I believe that was in your testimony—an amount seized at the Southwest border but less than the increases in seizures in the mail and express confinements. Is that the case?

Mr. OWEN. Yes, the seizures from the Southwest border are larger in quantity but fewer in number, whereas again the seizures in mail and express are much more great in number but very small quantities.

Ms. NORTON. But they are purer?

Mr. OWEN. They are more pure, yes, ma'am.

Ms. NORTON. And what accounts for that?

Mr. OWEN. The—because, again, these are chemical compounds and there is the ability to make them to different strengths if you will, so the products coming from China are much more pure, much more dangerous than the products coming in from Mexico right now.

Ms. NORTON. Could you tell me how many officers are assigned to examine mail at your facilities—at your international mail facilities?

Mr. OWEN. Yes, within the international mail facilities, we have just over 200 officers that work. Again, the mail facilities, of those nine, there are five that are significant in volumes. The other four are very, very small.

Ms. NORTON. Now, as I understand, officers are being rotated away from the customs districts to go to the Southwest border. Is that true?

Mr. OWEN. We have struggling—we are struggling with staffing issues in the Arizona ports of entry, as well as Southern California, so on a 90-day basis, we have 150 officers from around the country that are on temporary reassignment down there.

Ms. NORTON. So that such an officer cannot examine international mail because he has been sent to the Southwest border

Mr. OWEN. Right, we have 20 field offices around the country, and we take two to three from each field office each 90-day period, so it's a small impact to the individual locations to support the activities on the Southwest border that are struggling with their staffing challenges.

Ms. NORTON. Now, again, I'm trying to find the best way to get a hold of this problem, and I know that the President's fiscal year 2018 budget requested \$1.6 billion for construction of a border wall. Now, the President has not formally declared an emergency or asked Congress for emergency resources to deal with the fentanyl crisis, so I suppose this question is for Ms. Rectanus. Is that how you say your name? What effect will building a southern wall have on stopping fentanyl being shipped in the mail or through express carriers?

Ms. RECTANUS. That is not an issue that we have explored, so I would maybe refer that to my CBP colleague. GAO has not done any analysis of that.

Ms. NORTON. Well, I need to know, how does it get here, and if there was a wall, would that have any effect in keeping fentanyl from getting to the United States? Who can answer that question, please?

Mr. OWEN. As we take efforts to secure the Southwest border, that will help prevent the narcotics coming in from Mexico. And again, we do have Mexican fentanyl that's coming in as well.

Ms. NORTON. Yes, you do, and it is up to you to find the most effective way to stop what amounts to an opioid crisis and to suggest what is the most—we don't want to have hearings that see a doubling every single year. I haven't seen a crisis like this, and I have seen some terrible drug crises in my time in Congress. So I would like you to—I would like—and I don't know which of you is responsible to investigate what is the best way to deter fentanyl coming into the United States and to at least reduce the opioid deaths in our country, and I would ask you to report back to the chairman.

Thank you, Mr. Chairman.

Mr. HICE. I thank the gentlewoman. I now recognize the distinguished chairman of this committee, who is sitting way down there. He ought to be sitting here, but the gentleman from North Carolina, Mr. Meadows.

Mr. MEADOWS. Mr. Chairman, I thank you for actually conducting the hearing and obviously taking the leadership role here as I was having to resolve something that actually Congressman Heath Shuler and I worked for a long time. He was a Member that held my seat, a Democrat, before I came, and we had been working on something for five years and it got resolved today, and so my apologies for not being here on time. But I thank you for your leadership and your help.

So let me weigh in a little bit, I guess. You know, Mr. Owen, you know, I have visited your facility in Dulles, as you well know, and certainly have a lot of compliments on what you do and the work that you do. We have got a crisis on our hands, and we have got to figure a different way of dealing with this. So I guess my question to you is if there is an unlimited budget, which there is not, I mean, what would you do differently today?

Mr. OWEN. Well, if there was an unlimited budget —

Mr. MEADOWS. Because—and let me tell you the reason why I ask that because one of the questions when I was sitting here listening to this you were saying, well, we're looking at that post-seizure, and we're looking, you know, back from a historical perspective. But you don't know what you haven't caught, so, I mean, you know, how can we do that on the front end instead of looking at it in retrospect? And all that is great. I think you have to look at it from a historical standpoint, but you don't know what you haven't caught, so what do we need to do in terms of giving you tools to do this better?

Mr. OWEN. Well, I think the most fundamental is to continue on the work that we're doing with the Postal Service to receive the advanced information. By having the information ahead of the shipments' arrival, we can do much greater targeting —

Mr. MEADOWS. And what advanced information are you talking about?

Mr. OWEN. The advanced information as to the shipper of the goods, the recipient of the goods, the description. There's different data sets that we receive —

Mr. MEADOWS. And why would you not have that? We currently don't have that with many of the countries from the Postal Service because of the international agreements as to the way the data is governed. And the Postal Service and the State Department could speak to that.

Mr. MEADOWS. Mr. Cottrell, I mean, why would they not have that?

Mr. COTTRELL. Well, we've made tremendous —

Mr. MEADOWS. I mean, if I ship on anything else, you got to have a sender and a receiver, so why would they not have that with you?

Mr. COTTRELL. The Postal Service is a leading proponent to get more AED, Mr. Chairman, but we do—are faced with certain constraints, as the State Department spoke to earlier. We don't control what foreign posts mail into this country, so we have taken great steps. The 18 to 20 large —

Mr. MEADOWS. So you are saying it is the State Department's problem? I want to make sure I am clear. We got all the experts up there. I'm going to find out whose problem it is. Mr. Owen says it is not his. He says it is somewhere else, so whose problem is it?

Mr. COTTRELL. I think it is a combination, sir. It's us working with the foreign post to —

Mr. MEADOWS. The buck stops somewhere. Who does it stop with? The State Department?

Mr. COTTRELL. I'll let you answer, Mr. Thome, if you want.

Mr. MEADOWS. No, hold on. Let me make sure.

Mr. COTTRELL. Sure.

Mr. MEADOWS. You are under oath. Is it your fault or is it someone else's fault?

Mr. COTTRELL. I don't know that it's anyone's fault, sir. It's treaties that are in place that the United States has entered into agreements.

Mr. MEADOWS. All right. So go ahead and weigh in at the State Department.

Mr. THOME. Thank you —

Mr. MEADOWS. Because I am having a hard time explaining to my constituents back home when we have a fentanyl problem why the State Department wouldn't look at this a little differently. So we have got a treaty that is a problem?

Mr. THOME. I would echo a little bit what my Postal Service colleague said. It's not really that it's anyone's —

Mr. MEADOWS. It didn't work real well for your postal colleague, so I don't know that I would echo it.

Mr. THOME. It's —

Mr. MEADOWS. So go ahead.

Mr. THOME. It's not really the fault of any one on this panel or any of the Federal agencies —

Mr. MEADOWS. Well —

Mr. THOME.—that are working this —

Mr. MEADOWS. Well, then tell me whose fault it is because we will get them in here and make sure that they are here because I think that we have bipartisan interest on this particular subject. So whose fault is it?

Mr. THOME. Well, the issue is that for the U.S. Postal Service, according to our treaty obligations, they must accept mail from foreign postal services. So unlike the express service as a —

Mr. MEADOWS. So we need to un-ratify the treaty?

Mr. THOME. No, it's not as much a question of the treaty that causes us the problem. It's the question of the capacity of the foreign posts to provide the data. Now, as I said in my testimony —

Mr. MEADOWS. Well, we don't have to receive that. I mean, I have looked at it. I mean, it becomes a decision by the State Department on what qualifies and what doesn't. Is that not correct?

Mr. THOME. Well, as things stand right now, we accept the mail from foreign postal services to facilitate the global exchange of mail.

Mr. MEADOWS. And so as things stand right now, it is not working. Are you required to do that?

Mr. THOME. As things stand right now in terms of the broad mass of legitimate commerce, it is indeed working quite well and expanding. We do need to focus on —

Mr. MEADOWS. So you are saying a little bit of drugs along with the regular commerce is okay. Is that your sworn testimony here today?

Mr. THOME. I am certainly not saying that, sir.

Mr. MEADOWS. Well, that is what it sounded like.

Mr. THOME. What I'm saying is we need to now focus on further convincing posts which are—and again, the time has come —

Mr. MEADOWS. So how do I do that? How does a Member of Congress—because, listen, this isn't my first rodeo on this issue, and I have got major issues with it both from a cost standpoint and

now from an oversight standpoint. So how do we fix it? Because the Postal Service says it is not them. They indicate that it is a joint State Department/postal system issue. So I need to get to the bottom line. I mean, who do we need to—do we need to have Secretary Tillerson in here to figure out how to fix it?

Mr. THOME. Well, we are working already toward fixing it, and we are working together to convince other Postal Services that it's in their best interest to provide this —

Mr. MEADOWS. So how —

Mr. THOME.—and we're succeeding.

Mr. MEADOWS. And I appreciate the indulgence of the chair. Give me one last question. How are we encouraging other people to comply, other countries? How are we doing that?

Mr. THOME. There's two main avenues through which we do it. One is that the U.S. Postal Service is increasingly entering into bilateral agreements. I can't speak to those agreements because they're —

Mr. MEADOWS. Proprietary. Go ahead.

Mr. THOME.—proprietary. And then the other avenue is the Universal Postal Union where we have been actively engaged in helping countries expand their ability to provide this data. Once upon a time, they were not interested in this, but that has changed. They see the business model —

Mr. MEADOWS. Okay. So let me close because I am out of time. The message that you need to take back and I guess Mr. Cottrell and I see my friends at the postal system there behind you need to take back is the time for us kicking the can down the road is over, all right? And we are going to get to the bottom of it, and you need to take it to those entities and say that now it is raised to the level of attention that we have got to deal with it. And we are going to continue to bring you back until we fix it. You tell me what you need from a resource standpoint, but we are going to fix this problem or we are going to take more severe action. Does that make sense? Is that fair? So can both of you report back to this committee in 90 days with an action plan on how we are going to encourage those others to comply?

All right. Thank you, Mr. Chairman.

Mr. HICE. I thank the gentleman. And again, thank you for your leadership in this subcommittee and the full committee as a whole.

The chair now recognizes the gentleman from Missouri, Mr. Clay, for five minutes.

Mr. CLAY. Thank you, Mr. Chairman.

The STOP Act would require the Postal Service to collect and transmit the same kind of electronic data to customs as the express consignment carriers already provide to customs. GAO testified today that Customs and Border Patrol have not evaluated the effectiveness of using electronic advanced data. So the STOP Act is premature since it assumes the effectiveness of using the data before a thorough evaluation of its use has been performed.

But I think there are other problems with the STOP Act as well. The STOP Act is based on a fundamental misunderstanding of the differences between the Postal Service and consignment carriers. Chief Cottrell, is it not true that, as the designated postal operator for the United States Postal Service is required by international

treaty established by the Universal Postal Union to accept and deliver mail that is shipped to the U.S. from the nearly 200 member nations of the UPU —

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY.—is that correct? Express consignment carriers like UPS and FedEx are under no such requirement. They can choose their customers and the packages that they are willing to deliver. Isn't that right?

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY. Okay. Isn't it also true that UPS and FedEx can charge the delivery rates that they want to charge for shipping packages, but the Postal Service must abide by the international postal rates established by the UPU, is that right?

Mr. COTTRELL. That is correct, Congressman.

Mr. CLAY. In addition, unlike UPS and FedEx, the Postal Service does not decide whether or not to accept foreign packages from mail, and foreign postal operators are the ones who accept the packages that the Postal Service is obligated under international agreement to deliver in the U.S., is that correct?

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY. While express consignment carriers can get the data from their customer at the time they accept a package from a foreign shipper, the Postal Service does not have the same ability to collect that information at the time a package is tendered. Isn't that right?

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY. There is also a misunderstanding of the authorities and duties of customs and the Postal Service. Commissioner Owen, customs has the responsibility to, and I am quoting from a statute, "protect against the entry of dangerous goods." Do I have that correct?

Mr. OWEN. Yes, sir.

Mr. CLAY. As a result, Customs and Border Patrol has a lot of authority to search for and seize international mail and packages. Isn't that correct?

Mr. OWEN. Yes, sir.

Mr. CLAY. For example, is Customs and Border Patrol required to obtain a warrant prior to inspecting mail or packages?

Mr. OWEN. No, we are not. We have border search authority that allows us to inspect anything crossing our borders.

Mr. CLAY. Thank you for that response. And, Chief Cottrell, under what circumstances may the Postal Service seize and open mail packages for inspection?

Mr. COTTRELL. We gain probable cause and we get a search warrant from a Federal judge.

Mr. CLAY. So you have to go through the due process of getting a search warrant?

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY. Okay. And this is also different from what express consignment carriers can do, correct?

Mr. COTTRELL. Yes, Congressman.

Mr. CLAY. Don't they have the authority to inspect their customers' packages to determine whether the package contains what the customer says it does?

Mr. COTTRELL. They create their own policies, yes, sir. They can open their packages.

Mr. CLAY. And that is different from the Postal Service?

Mr. COTTRELL. It's different from mail, yes.

Mr. CLAY. Given that the Postal Service and express consignment carriers operate very differently, it does not make sense to impose burdensome and impractical mandates on the Postal Service in a misguided effort to seek parity between the Postal Service and private carriers.

And so, Mr. Chairman, I think that the STOP Act may be premature, especially if we don't have all of the information we need to determine if we can—if the Postal Service can even do what we want them to do. And so I would ask that we move cautiously on any legislation that would impact the operation of our Postal Service.

And with that, I yield back.

Mr. HICE. I thank the gentleman.

And the chair will recognize the gentlewoman from Michigan, Mrs. Lawrence, for five minutes.

Mrs. LAWRENCE. Thank you, Mr. Chair, and my ranking member who is here, for this hearing.

As we know, the opioid epidemic is one of the Nation's foremost health crises. And coming from Michigan in 2015, I am so passionate about this. There are 2,000—2,000—human beings in my State overdosed on opioids, and that is a 13 percent increase over the previous year.

So one of the things I want to be clear about because my colleague seems to be pointing the finger at the Postal Service that compliance and a sense of urgency in addressing this issue is not where it should be. Ladies and gentlemen, this crisis has forced all of us in law enforcement and those of us who are in the State Department and customs to reevaluate, based on the increase in numbers we are seeing and the human part of this that has equated to overdose and unfortunately deaths in our country.

Now, one of the things my colleague did a great job outlining, there is an international treaty. And what we all know as the 192-member countries called the Universal Postal Union, the UPU. And being a member of that is not something that the Postal Service unilaterally or independently decided to join. It is a requirement as a Federal agency to be in compliance. So one of the areas we need to look at because we do need to have focus on this is through the State Department. That is our treaties and responsibility and limitations that is required of us by the UPU. The Postal Service must comply to those regulations as a Federal agency.

And while we are bipartisan in saying we must look at new processes and are we being efficient, without being in mind, I would like to ask a question of Mr. Owen. Can you comment, because we are using CBP's EDA. That is what we are using, right, to screen our parcels. Am I correct?

Mr. OWEN. The advanced ED —

Mrs. LAWRENCE. EAD.

Mr. OWEN. EAD, the electronic —

Mrs. LAWRENCE. You are using that right now. That is your process?

Mr. OWEN. Yes, we screen the advanced electronic information to identify those shipments —

Mrs. LAWRENCE. Okay.

Mr. OWEN.—that are at greater risk, yes, ma'am.

Mrs. LAWRENCE. Can you comment, is this the most efficient process? Has there been any recommendations—when is the last time you had an evaluation to see if we are using the best technology in comparison to other targeting techniques? Because, obviously, we can't keep using the same processes considering the impact and the vast seriousness of this issue.

Mr. OWEN. We are constantly refining our targeting systems with new information, new sources of information, different capabilities that are out there than what had been there several years ago. So our targeting has gotten much, much stronger over the last several years to identify those shipments, be it in mail or the land border or the seaports that pose the greater risk. So we continue to strengthen our targeting and analytical capabilities that we have so that our resources are being directed where they're most effective.

Mrs. LAWRENCE. One of the things I want to say here at this hearing—and I am going to ask the same question of you Ms. Whitcomb—is that so often we will have the representatives of an organization come before us and paint us a picture that we are doing a great job with the resources we have, but after the hearing, we will hear a different story—if we had the ability to use new technology, if we had the funding—and that is something that I really want to push your agency to be honest with us.

There has been a request for you to report back to this committee how can we be more efficient. So through the Postal Service, through the State Department, through the Inspection Service, be honest with us. This is not an attack of you as an organization. This is a bipartisan effort to attack this problem. And unless you are honest and provide us with the information, we cannot move forward. So I want to ask the same question of the Postal Service. What can we do? Are there new technologies? How can we use the resources that we are expecting in the Postal Service to address this issue?

Ms. WHITCOMB. Based on the work that we've done, we believe that data analytics are a really important part of a solution to this problem. The data, the advanced electronic data, you have heard from the panelists, that is growing. We're getting more and more of that data, and I know that CBP, the Inspection Service, and our office are looking at how we can use that data and how we can use analytics layered onto that data to identify these parcels before they ever get into the mail stream, even possibly before they ever leave the originating country. If we can do that, I think there are some real opportunities there to stop these really dangerous opioids from entering the country. So I think there's an opportunity to collaborate among the panelists that you see here and even others to work together on identifying the best way to use data analytics to address this problem.

Mrs. LAWRENCE. My time is up, and I will yield back to the chair saying that I want us as a committee to direct a collaboration so that we can have all these parties, not individual silos. How can

they collaborate because they can't exist alone so that we can move forward in Congress and supporting a collaborative effort to attack this issue. Thank you so much.

Mr. HICE. I thank the gentlewoman.

Just before we close, let me just ask a couple of just real quick questions. Mr. Cottrell, is the Postal Service working with the recommendations from the GAO?

Mr. COTTRELL. We were directed to work with customs to set up the metrics and evaluate the effectiveness of the AED in our investigative processes, so we will be working with Mr. Owen and his team.

Mr. HICE. Specifically towards those recommendations?

Mr. COTTRELL. Yes.

Mr. HICE. Okay. And, Ms. Rectanus, let me just real quickly, in your report you discussed two pilot programs at the New York International Service Center. In both those pilot programs USPS agreed to provide EAD to CBP for certain mail. One of those pilots—explain what percentage UPS successfully provided to the CBP for targeting?

Ms. RECTANUS. Sure. There are two pilots. The first pilot, we—when we looked at the presentation data, it did seem like Postal Service had gotten better over the period of time ultimately averaging about 80 percent —

Mr. HICE. Okay. What was the other one?

Ms. RECTANUS.—of the packages presented. The other pilot, when we looked at the data monthly, it really varied, but they average about 58 percent over this period.

Mr. HICE. Why the discrepancy?

Ms. RECTANUS. Excuse me?

Mr. HICE. Why a discrepancy between the two?

Ms. RECTANUS. I think—well, part of it probably had to do with the type and the level of data that they were getting from the countries that were involved in those pilots, and I think partly also it was volume and it was the type of product I think that was involved that allowed the Postal Service to be able better to identify the particular packages. And again, they are only—they were only asking for 5 or 10 packages from each of those pilots, so it wasn't a huge number either.

Mr. HICE. Okay. Now, in 2016, we all know the Postal Service reported like \$5.6 billion loss, 10 consecutive years now with a loss. In light of this, just curiosity between the two of you, has USPS and CBP, have you considered the cost and the benefits, analysis of increased electronic data?

Mr. OWEN. No, that again is one of the recommendations that both agencies agreed with that we need to do more of that to take—make sure we're being effective with the data that is being provided. So we both did concur with those recommendations from GAO.

Mr. HICE. Okay. So that discussion is going to be underway?

Mr. OWEN. Yes, sir.

Mr. HICE. Okay.

Mr. OWEN. Yes, sir.

Mr. HICE. All right. With that, I am going to yield the final two minutes to the gentleman from North Carolina.

Mr. MEADOWS. Thank you, Mr. Chairman.

So let me do two clarify things. Is it Mr. Thome? Is that—what?

Mr. THOME. Thome.

Mr. MEADOWS. Thome. All right. Mr. Thome, the next Universal Postal Union meeting is where and when?

Mr. THOME. The next UPU Congress is an extraordinary Congress in Ethiopia in 2018.

Mr. MEADOWS. All right. So would it not be appropriate to get a couple of members of this committee to go with you and accompany you to that particular meeting? Is that something that you can arrange?

Mr. THOME. I certainly could add you to our delegation, and you'd be more than welcome.

Mr. MEADOWS. All right. So if you would reach out to the committee there on doing that.

Mr. Cottrell, is the postal system willing to provide all their postal data so that we can do—retroactively look at all these cases? And are you currently doing that?

Mr. COTTRELL. Yes, sir. The Postal Service currently provides over 90 percent AED for our outbound product.

Mr. MEADOWS. All right. And so from GAO perspective, what more needs to be done there?

Ms. RECTANUS. As far as the cost and benefits and sort of looking at the pilots' performance, our focus was really given the Postal Service's financial situation and this small percentage of their revenue and volume that come from international mail, albeit growing. What we wanted was some kind of united conversation between the folks to say what is feasible? What do we think is really effective and what do we think is—sort of is the juice worth the squeeze?

Given that—right now, the pilots have been very, very small, and there is a very small number of pieces of mail and packages that have been involved, so we would want them to identify what percentage of mail should the Postal Service be able to present to CBP, and if they aren't, then why not, and kind of get that figured out before we expand it fully and move on with getting more advanced data if we're not ready to use it yet.

Mr. MEADOWS. So, Mr. Cottrell, what percentage is reasonable?

Mr. COTTRELL. I want to make sure I'm understanding your question.

Mr. MEADOWS. Well, I mean, you just heard what she said. I mean, we've got small pilots. I mean, at what percentage of deliverables would be a reasonable percentage?

Mr. COTTRELL. We're providing everything we get, which, as of July, was about 40 percent, to customs, so it's up to us and customs to work together to identify as much as we can and then work to pull that out and get it in front of customs.

Mr. MEADOWS. I think we are talking over each other. I will follow up. I am assuming that I see a very receptive nod from behind you, and so we will work through that together.

Here is the interesting thing, and I will close with this. We need better collaboration between the entities. To suggest that one group is responsible and another one is not is like telling TSA and all the international travel we have coming in here that it is okay to let

a terrorist come in from some foreign country just because we have an agreement with them, Mr. Thome.

So what we have to do is—this is taking people's lives. Let's treat it that way and start to work with better collaboration. Does that make sense for all of you to do that? Are you committed to do that? Anyone not?

Let the record reflect everybody answered in the affirmative. I will yield back. Thank you.

Mr. HICE. I thank the gentleman.

I would like to again extend a thank you to all our witnesses for taking time to appear here before this subcommittee today and particularly for your patience during the voting series.

The hearing record will remain open for two weeks for any member to submit a written opening statement or questions for the record.

If there is no further business, without objection, the subcommittee stands adjourned.

[Whereupon, at 4:39 p.m., the subcommittee was adjourned.]

